Setting the time frame for the process of adoption and implementation of the European Union’s acquis communautaire, the Latvian Government adopted 1 January 2003 as the date on which Latvia will be prepared for accession to the European Union.

The Republic of Latvia, taking into account the requirements referred to in the Position Paper, accepts and implements the EU Common Agricultural Policy and the mandatory acquis communautaire in the area of Agriculture - Chapter 7. Latvia is ready to adopt the acquis communautaire in the area of agriculture by the date of accession to the EU, including the acquis adopted during 1999, except certain provisions where Latvia deems necessary to continue negotiations. Within the framework of the accession negotiations Latvia reserves the right to consider and discuss issues associated with the development and changes in the EU Common Agricultural Policy.

The present position paper is based on the following principles:

1. To create conditions for a successful development of agriculture within the single European market on the basis of equality.

2. To provide for efficient production levels corresponding to self-sufficiency of the domestic market.

3. To ensure more efficient use of agricultural land in Latvia for production purposes and conservation of cultural and historical environment, as well as of traditional landscape.

4. To maintain employment possibilities in rural areas on economically justified level of agricultural production and as a relevant component of the rural environment (nature, social factors, culture).
Situation in agriculture

Agriculture is one of the most important and traditional sectors of the Latvian economy. Without losing its significant role, the share of agriculture in the total GDP (in actual prices) reduced lately from 21.3% in 1991 to 7.6% in 1997 due to structural and ownership changes.

![GDP of agriculture and forestry](chart)

*Source: Central Statistical Bureau of Latvia*

In 1999, comparing with 1998, GDP of agriculture and forestry did not change considerably, only the sector itself has undergone restructuring as the significance of forestry, wood treatment and related services has been increasing lately. In 1999, the GDP of agriculture, hunting and forestry amounted to 3.4% of the total GDP, 1.3% representing forestry and services related to it.

Agriculture employs 16.7% of the population employed in the national economy of Latvia, 11.9% are full-time workers (data of 1999).

Agricultural land in Latvia accounts for more than one third of the total land area, though a considerable part of it is not used for agricultural production. Latvia’s objective is to use the agricultural land as efficiently as possible, at the same time planning afforestation and non-agricultural use of land.
The privatization and restructuring process in agriculture resulted in fundamental changes in agricultural structure in Latvia. Institutional changes in agriculture started in 1990 with two basic elements:
- changes in land holding and land ownership (namely land reform);
- distribution of fixed assets (exclusive of land), prior used by collective and State farms, to private agricultural holdings.

The privatization in Latvian agriculture is completed.

**Table 1**

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of farms (thousands)</td>
<td>64.3</td>
<td>74.1</td>
<td>94.9</td>
<td>95.2</td>
<td>97.2</td>
<td>101.2</td>
</tr>
<tr>
<td>The total land area (thousand ha)</td>
<td>1278.7</td>
<td>1460.6</td>
<td>2238.5</td>
<td>2316</td>
<td>2306</td>
<td>2381</td>
</tr>
<tr>
<td>Agricultural land (thousand ha)</td>
<td>777.9</td>
<td>864.9</td>
<td>1297.9</td>
<td>1347</td>
<td>1332</td>
<td>1381</td>
</tr>
<tr>
<td>Forest land (thousand ha)</td>
<td>390</td>
<td>469</td>
<td>732.9</td>
<td>766.1</td>
<td>774.6</td>
<td>785.3</td>
</tr>
<tr>
<td>Average farm land area (ha)</td>
<td>19.9</td>
<td>19.7</td>
<td>23.6</td>
<td>24.3</td>
<td>23.7</td>
<td>23.5</td>
</tr>
<tr>
<td>Average agricultural land area per farm (ha)</td>
<td>12.1</td>
<td>11.6</td>
<td>13.6</td>
<td>14.2</td>
<td>13.7</td>
<td>13.6</td>
</tr>
<tr>
<td>Average forest land area per farm, ha</td>
<td>6.1</td>
<td>6.3</td>
<td>7.7</td>
<td>8.0</td>
<td>8.0</td>
<td>7.6</td>
</tr>
</tbody>
</table>

*Source: The State Land Service*

Taking into account the fact that agricultural production has stabilized lately, it can be forecasted that in 2000 and 2001 agriculture will show a growth trend.

The population of Latvia is best provided with such products as potatoes, fruits and vegetables as well as cereal products. But it should be noted that only half of the needed volumes of fruits and vegetables is produced in Latvia.
The provision of meat products is not sufficient for annual per capita consumption. Agricultural development and increase in incomes of the population will improve economic situation and as a consequence the consumption of foodstuffs will grow considerably, reaching the average consumption level of the EU Member States.

The major target of the external trade policy in respect of agricultural and processed goods is to encourage finding new market possibilities and strengthening positions on the existing markets by pursuing a liberal trade policy.

One step towards this target – finding new markets and strengthening of positions on already existing markets is the membership of Latvia in the WTO (since 1 February 1999). Accession of Latvia to the WTO is facilitating the trade and ensuring the Most Favoured Nation regime with 137 countries of the world.

A free trade area is being created now with the Central and Eastern European States. Latvia has concluded ten Free Trade Agreements (FTA) with 28 States. The trade relations between Latvia and the EU is regulated by the European Agreement, signed on 12 June 1995 in Luxembourg and enacted on 1 February 1998.

The volume of trade under FTA is growing every year. 59.4% of the total export volumes and 84.3% of the total import volumes in the external trade were carried out in 1999 with the States that Latvia had concluded the FTA. The trade proportions were basically influenced by a sharp reduction of export volumes to CIS States, particularly to Russia and Ukraine.

Classification of the external trade by the trade regimes

![Classification of the external trade by the trade regimes](image)

Source: Central Statistical Bureau of Latvia

One of the most important items in the exports of agricultural and fisheries goods is fish and fish products, though they are showing a downward trend in the total volume of exports – in 1996 it amounted to 55% but in 1999 – 27%. Rather important export commodities are also dairy products, soft drinks and alcoholic beverages, processed fruits and vegetables, mainly juices. The assortment of imported products is large, consisting basically of processed foodstuffs (alcoholic beverages, soft drinks, different ready-to-eat foodstuffs), products, which are not manufactured in Latvia (fruits), as well as products supplied in insufficient amounts by the domestic producers (meat products).
Table 2

Proportion of agricultural products in the total volume of Latvian external trade

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>EUR</td>
<td>0.689</td>
<td>0.690</td>
<td>0.658</td>
<td>0.669</td>
<td>0.62</td>
</tr>
</tbody>
</table>

Exports

<table>
<thead>
<tr>
<th>mi EUR</th>
<th>% of the total</th>
<th>mi EUR</th>
<th>% of the total</th>
<th>mi EUR</th>
<th>% of the total</th>
</tr>
</thead>
<tbody>
<tr>
<td>163.9</td>
<td>16.4</td>
<td>195.2</td>
<td>16.9</td>
<td>214.6</td>
<td>14.5</td>
</tr>
<tr>
<td>172.2</td>
<td>10.8</td>
<td>104.0</td>
<td>6.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Import

<table>
<thead>
<tr>
<th>mi EUR</th>
<th>% of the total</th>
<th>mi EUR</th>
<th>% of the total</th>
<th>mi EUR</th>
<th>% of the total</th>
</tr>
</thead>
<tbody>
<tr>
<td>142.8</td>
<td>10.3</td>
<td>249.3</td>
<td>13.5</td>
<td>333.7</td>
<td>13.9</td>
</tr>
<tr>
<td>373.2</td>
<td>13.3</td>
<td>359.5</td>
<td>12.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>mi EUR</th>
<th>% of the total</th>
<th>mi EUR</th>
<th>% of the total</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.1</td>
<td>-5.4</td>
<td>-54.1</td>
<td>7.7</td>
</tr>
<tr>
<td>-119.1</td>
<td>12.8</td>
<td>-201.0</td>
<td>16.6</td>
</tr>
<tr>
<td>-255.5</td>
<td>22.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau of Latvia

During the last five years, from 1995 to 1999, the proportion of agricultural goods and processed goods has reduced in the total export volume. Already from 1995 to 1997, the proportion of agricultural goods and processed goods constituted in average 16% in the total export volume, but in 1999 – only 6.4%. However, the proportion of imports of agricultural and processed goods in the total volume of imports changed insignificantly, from 13 to 13.5% since 1996.

The State aid policy is liberal as it relays on understanding, possibilities and the choice of entrepreneurship type of private sector operators, size of establishments and their specialization. Still the State aid is basically intended for agricultural producers.

In the course of agricultural restructuring, the State aid is particularly important for development of the sector, which is allocated in the following ways:
- as the direct aid – the State subsidies and investments, market price support;
- as indirect aid – tax reductions and improvement of legal matters.

The aim of subsidies similar to that of agricultural policy in general is to transform agriculture into a sector capable of manufacturing goods complying with the world market requirements, competing with foreign goods in terms of their quality and production costs.

Therefore, to achieve the aforementioned targets, there are two basic directions determined for the State aid:
- modernization of production technology;
- quality management in production and distribution process (from stable to table);
- market promotion and development;

Within the framework of agricultural policy, Latvia is gradually implementing CAP instruments to adjust economic conditions for producers. The Government of Latvia considers that the CAP conditions should be applied to Latvian producers from the date of accession to the EU by receiving equal support.
Within the framework of accession partnership, a financial aid under the Special Pre-accession Programme (SAPARD) will be made available for agricultural and rural development in Latvia. It is envisaged that Latvia will receive a financial aid annually from 2000 to 2006. If accession occurs before 2006, Latvia may continue the structural reforms, receiving aid from the EU Structural Funds.

In order to ensure effective allocation of the SAPARD funds, the Rural Development plan has been adopted. Targets of the Rural Development Plan are as follows:

- to approximate Latvian legislation to the EU acquis in the area of agriculture and rural structural reforms;
- to secure increase in incomes and to reduce production costs by modernization of agricultural machinery, equipment and buildings;
- to support economic diversification in rural areas thus reducing migration from rural regions to urban districts;
- to encourage compliance with the EU quality and hygiene standards on both the farm and processing levels;
- to maintain rural areas and rural landscape.

The comparatively low mechanization level, high costs and low incomes in agriculture, limited possibilities to attract additional resources to farm development, inferior social and economic conditions for rural population hinder involvement of young people into agriculture. Comparing the age structures of the population employed in agriculture with those of the other sectors, it can be noted that elder people are prevailing in agriculture.

The Latvian Agricultural Advisory and Education Centre carries out various educational programs for farmers as well as publishes diverse informative materials on agriculture.

New non-traditional agricultural sectors are ensuring additional employment possibilities and income. Diversification of agricultural production is encouraging production of particular products with a high added value. The number of farms engaging in rural tourism, crafts and other non-agricultural entrepreneurship is growing. Development of non-traditional sectors to a great extent depends on initiative by organizations of non-traditional sectors.

**Implementation of the acquis communautaire**

The Republic of Latvia is accepts and implements the acquis communautaire under Chapter “Agriculture” (Chapter 7), however it requests the following:

**Transition periods:**

- by 1 January 2006 – in respect of the criteria for milk intended for processing, the total somatic cell count and bacteria count in milk during the transition period will be gradually reduced till it reaches the indicators laid down in the Council Directive 92/46/EEC Article 1 of Chapter IV, Annex I, in accordance with the schedule fixed by the Regulations of the Cabinet of Ministers of 12 October 1999 No 347 on compulsory safety requirements for cow milk intended for processing;*

- by 1 January 2005 – in respect of structural requirements set up for enterprises, in order to carry out the optimisation of the number of enterprises and their technical modernization, including construction of new enterprises, at the same time closing down the old ones, based on:
• by 1 January 2006 - in respect of structural requirements set up for enterprises, in order to carry out optimisation of the number of enterprises and their technical modernization, including construction of new enterprises, at the same time closing down the outdated ones, based on:
  ➢ Council Directive 63/433/EEC Chapter I of Annex I, Chapter I of Annex II (large-scale and small-scale slaughter-houses and cutting plants);
  ➢ Council Directive 71/118/EEC Chapter I of Annex I, Chapter II of Annex I (regarding automatically closing doors), Chapter I of Annex II (poultry meat production enterprises and cutting plants);
  ➢ Council Directive 94/65/EC Chapter I of Annex I, Chapter III of Annex I (minced meat and half-finished product manufacturing enterprises);

• by 1 January 2005 – in respect of implementation of requirements laid down by Council Directive 90/677/EEC (processing of animal waste);
• by 1 January 2010 – in respect of implementation of animal welfare requirements, in order to carry out reconstruction, ventilation and installation of heating systems in sheds where calf are kept and pigsties, which are constructed before 31 December 2002 (Council Directives 98/58/EC, 91/629/EC and 91/630/EC);
• by 1 January 2005 – in respect of implementation of animal welfare requirements, to carry out optimisation and modernization of slaughter-houses, including construction and improvement of new slaughter-houses, taking into account animal protection requirements in pre-slaughter period and during slaughter (Council Directive 93/119/EEC);

Technical adjustments and derogations:

• Cereals:
  ➢ the minimum quality requirements for the intervention of barley – Latvia requests derogation from the minimal size of barley grains, fixing it to 2 mm for the intervention barley, taking into account the implementation procedure of amendments provided by the EU legislation (Commission Regulation 824/2000/EC);
  ➢ the minimum quality requirements for the intervention of rye - Latvia requests derogation from the minimal falling number of rye grains for intervention, fixing it at 100 (Commission Regulation 824/2000/EC);
  ➢ the deadline for submission of applications and spring sowing - Latvia requests derogation from the deadline for sowing of cereals, oleaginous plants and protein plants, fixing it at 15 June (Commission Regulation No 2316/99/EC and Council Regulation No 1765/92/EEC).

• Arable crops:
  ➢ compensatory payment system – Latvia requests, with the view of calculation of compensatory payments, to establish the basic area as 688 000 ha (Council Regulation 1251/1999/EEC);
  ➢ compensatory payment system - Latvia requests, with the view of payment calculation for areas under arable crops, to establish the average yield as 3,0 t per ha (Council Regulation 1251/1999/EEC).

• Potato starch:
  ➢ production quotas – Latvia requests the annual potato starch production quota in the amount of 15 000 t (Council Regulation 1868/94/EEC).

• Sugar:
  ➢ production quotas - Latvia requests the sugar production quota in the amount of 110 thousand t, including 100 thousand t of A quota and 10 thousand t of B quota that makes 10% of A quota amount (Commission Regulation 2038/99/EC).

• Fibre plants:
aid payments to fibre flax – Latvia requests the aid payments to 5000 t of fibre flax, including 1500 t of long fibre flax and 3500 t of short fibre flax (Commission Regulation 1673/2000/EC).

- **Fresh fruits and vegetables:**
  - size of producer organizations – Latvia requests to lay down the minimal number of producers and the minimal amount of output for distribution necessary to approve the producer organization: 10 members and the minimal amount of output as 0.25 million EURO/year, or 5 members and the minimal amount of output as 0.5 million EURO/year, taking into account the implementation procedure of amendments provided by the EU legislation (Commission Regulation 412/97/EC);
  - changes in the amount of aid – Latvia requests to lay down support to facilitate the development of producer organizations during five transition years respectively 10%, 10%, 8%, 6% and 4% till the moment of approval of the producer organization (Commission Regulation 20/98/EC);
  - quality standards for apples – Latvia requests to enlist into Annex III of the Commission Regulation 920/89/EEC the following varieties of apples grown in Latvia, taking into account the implementation procedure of amendments provided by the EU legislation (Group A – red varieties - 'Lawfam'; Group B – varieties with a mixed red colouring - 'Auksis', 'Iedzēnu', 'Orļik', 'Rubins', 'Airo', 'Anteļ', 'Belorusskoje Malinovoje', 'Talvenauding', 'Sātanat', 'Zalījkoje', 'Rāja', 'Forele', 'Ilga', 'Noris', 'Stars', 'Atmoda', 'Kovajenkovskoje'; Group C – light coloured and streaky varieties - 'Koričnoje Novoje', 'Tiina', 'Rudens Svītrainais', 'Melba', 'Doč Melbi', 'Wealthy', 'Ziguļovskoje'). Latvia requests to enlist the following varieties of apples and pears grown in Latvia into the list of large fruit varieties, taking into account the implementation procedure of amendments provided by the EU legislation: (for apples - 'Iedzēnu', 'Rubins', 'Sinap Orlovskij', 'Airo', 'Koričnoje Novoje', 'Auksis', 'Anteļ', 'Bogatir', 'Ilga', 'Rudens Svītrainais', 'Zalījkoje', 'Ziguļovskoje', 'Tiina'; for pears - 'Mramornaja', 'Desertnaja', 'Rosoņanskaja', 'Dina', 'Klapa Milule', 'Vasarine Sviestine');
  - quality standards for plums – Latvia requests to enlist into Annex of the Commission Regulation 1168/1999/EEC the following varieties of plums grown in Latvia - "Ave", "Rausve", "Vengerka Krupnoplodnaja", taking into account the implementation procedure of amendments provided by the EU legislation.

- **Wine and spirits:**
  - Latvia requests to enlist into Annex II of the Commission Regulation 1576/89/EEC the following alcoholic beverages manufactured in Latvia, taking into account their geographical origin: Rīgas Melnais Balzams/Riga Black Balzam, Latvijas Dzidrais, Rīgas degvīns, LB degvīns/ LB vodka, Allažu Ķimelis;
  - Latvia requests to supplement Article 1 (4) of the Council Regulation 1576/89/EEC with the following definition: “Balsam – manufactured from extracts of plant origin in ethylalcohol by adding balsam oils, other biologically active substances and components; concentration of ethylalcohol no less than 40%.”

- **Milk and dairy products:**
  - milk quotas – Latvia requests the annual guaranteed amount (quota) as 1200000 t, including 900000 t as a quota for supplies to processing and 300000 t as a quota for direct sales (Council Regulation 1255/1999/EEC and 3950/92/EEC);
  - direct payments – Latvia requests an equal approach to application of the direct payments to Latvian milk producers with that of Member States. Latvia requests to use as the reference amount for establishment of the direct payments 1200000 t of milk - the amount of quotas applied for (Council Regulation 1255/1999/EEC).
• Beef:
  ➢ direct payments – Latvia requests the “regional ceiling” as 75000 for receiving of a special beef premium (Council Regulation 1254/1999/EC Article 4);
  ➢ direct payments – Latvia requests the “national ceiling” as 25000 for receiving of a special premium for suckler cows (Council Regulation 1254/1999/EC Article 7 (2));
  ➢ direct payments – on the basis of data of 1995 as a reference year – Latvia requests premiums for slaughter of 220000 animals, including for bulls, steers, cows and heifers – 145000 and for calves – 75000 (Council Regulation 1254/1999/EC Article 11(3));
  ➢ direct payments – Latvia requests the additional payments in the amount of 3500000 EUR (Council Regulation 1254/1999/EC Article 14(1));
  ➢ private storage – on the basis of Article 3 (a) of the Regulation, Latvia requests to apply buying-in to bovine carcasses of grade A, class R2, R3 and O2, O3, and requests to include these classes into Annex I of the Commission Regulation 562/2000/EC, taking into account the procedure of introducing amendments provided by the EU legislation.

• Goatmeat and sheepmeat:
  ➢ Latvia requests to be enlisted into the list of States referred to in Council Regulation 2467/98/EC Article 10(1), and fixing the maximal amount of premiums granted to 50000 ewes.

• Honey and albumin:
  ➢ Latvia requests to set 54000 beehives as the beneficiaries of the financial aid within the Community program (Annex I and Article 3(1) of the Commission Regulation 2300/97/EC).

• Protection of forests against fires:
  ➢ Latvia requests to enlist its territory into the category of medium risks in respect of fire hazard taking into account the procedure of introducing amendments provided by the EU legislation (Council Regulation 2158/92/EEC).

• Seeds and planting material:
  ➢ Latvia requests to apply “0” as allowed Avena fatua content in certified seeds (Council Directive 66/401/EEC and 66/402/EEC);
  ➢ Latvia requests not to apply requirements of the EU legal acts to the following crop species, taking into account the procedure of introducing amendments provided by the EU legislation: (Agrostis canina; Bromus sitchensis; Bromus catharticus; Cydon dactylon; Phalaris aquatica; Poa nemoralis; Trisetum flavescens; Hedysarum coronarium; Trifolium resupinatum; Trigonella foenum-graecum; Vicia pannonica; Oryza sativa; Phalaris canariensis; Sorghum bicolor; Sorghum sudanense; Arachis hypogaea; Gossypium spp.), (Council Directive 66/401/EEC, 66/402/EEC and 69/208/EEC).

• Plant health:
  ➢ Latvia requests to be granted a protected zone status in respect of Erwinia amylovora (Burr.) WInsL. Et al.) and Globodera pallida (Stone) Behrens) and to supplement respectively the Annexes I, II, III and IV of Council Directive 77/93/EEC and Annex of Commission Directive 92/76/EEC.

• EAGGF:
  ➢ Latvia applies for an equal EU funding for implementation of the system (Council Regulation 3508/92/EEC and Commission Regulation 3887/92/EEC).

• Farm accountancy data network:
  ➢ Latvia applies for the funding provided for by the Council Regulation 79/65/EEC intended for all the farms included into the sample survey framework, which have submitted complete accountancy data package.
A. Harmonization of *acquis communautaire*

The Latvia agricultural legislation has been partly harmonized and Latvia does not expect any problems while adopting the remaining *acquis communautaire*.

Referring to general and horizontal issues, common market organization and rural development, Latvia will continue the transposition of the *acquis communautaire* as well as will intensify implementation of the CAP instruments by elaborating a detailed implementation plan. The Ministry of Agriculture will elaborate and submit the CMO implementation guidelines to the European Commission by the end of 2000.

The Ministry of Agriculture has elaborated a development concept of a new Agricultural Law. The concept will be presented to the Government of Latvia at the beginning of 2001. The new Agricultural Law will lay down rules ensuring implementation of the basic principles of EU Agricultural policy, at the same time securing legal basis of the rural development policy.

Regarding the trade mechanisms, Latvia will be ready to implement in full the *acquis communautaire* upon its accession to the EU, since due to the commitments of the WTO membership and the concluded FTA, it is not possible to achieve this earlier.

The chapters on agriculture of the National Development Plan, the Annual Agriculture Programme, the Rural Development Plan provide the basis for adoption of structural measures in agriculture and rural development. The legal and structural basis of these measures will be strengthened by the new Agricultural Law. It will serve as the basis not only for further development of agriculture but also for the structural measures with the view of receiving the co-financing for less favourable regions from EAGGF, as well as for implementation of agri-environment programmes. Adoption of the structural measures will be fostered during the implementation of the SAPARD programme.

Latvia is continuing transposition of the legislation in the sector of veterinary and phytosanitary.

The legislation of the veterinary sector is based on the Law On Veterinary Medicine, which is currently submitted to the Parliament for adoption. Simultaneously, Latvia continues implementation of the secondary legislation in the veterinary sector.

The legislation of the phytosanitary sector is based on the Plant Protection Law (enacted from 30.12.1998) and the Cabinet of Ministers Regulations No 355 “On plant quarantine rules”. The phytosanitary legislation is basically harmonized with the EU regulatory documents. Latvia is working on the implementation of the secondary legislation in veterinary sector.

The legislation in the sector of seeds and propagation material is based on the Law On Production and Distribution Chain of Seeds and Planting Material (enacted from 01.01.2000). Latvia is elaborating production and marketing rules for seeds and propagation material.

The legislation in the sector of animal feeding-stuffs is based on the Law On Veterinary Medicine. Currently, Latvia is setting up registration and approval system of the establishments involved in production and distribution chain of animal feeding-stuffs.

Thereby, Latvia will be ready to accept, implement and administrate the *acquis communautaire* by the date of accession to the EU.
B. Institutional structures

The Ministry of Agriculture of Latvia (MoA) was restored on 1 August 1993. Based on the functional audit results carried out by the World Bank and its recommendations, the Ministry’s reorganization plan was elaborated and, by the end of 1999, the reorganization was carried out at the central body of the Ministry and institutions subordinated to the Ministry. Consequently the functions of agricultural policy making, analysis and strategy were separated from the administrative functions, thus improving efficiency of the Ministry’s performance in the area of policy making, strategy and elaboration of regulatory documents. The Ministry’s central body consists of 9 departments with an average number of employees – 15 persons. The total number of employees is 148.

The basic functions of the Ministry of Agriculture are as follows:

- Elaborating legislation, implementation of the EU acquis communautaire;
- Development of the sectoral strategy;
- Representation of the sectoral interests.

The Rural Support Service

The Rural Support Service (RSS) performs administration and control functions in respect of the EU agricultural and rural development measures. The RSS has been established by the Cabinet of Ministers Regulations No 504 of 11 March 1999 On the Rural Support Service, its legal basis being strengthened by the Law On Rural Support Service, enacted on 28 April 2000.

The RSS is a public administration institution supervised by the Ministry of Agriculture, responsible for a uniform State aid and the EU aid policy execution in the country, supervising observation of the regulatory documents in the area of agriculture and performance of other functions related to agriculture and rural support policy. The Service consists of the central body and the territorial structural units (1 department of land reclamation and 9 Regional Agricultural departments covering 26 districts).

The basic functions of the Rural Support Service:

- Implements administrative, financial and technical management system with the view of the State aid administration and from the date of accession – the EU aid administration;
- Administrates the State aid and from the date of accession – also the EU aid to rural areas, agriculture, forestry and fisheries;
- Builds up, maintains and operates the integrated information systems focused on administration of agricultural and rural support policy pursued by the State and from the date of accession that of the EU.

The number of employees at the central body of the Service together with the territorial structural units is 413 persons.

The State Veterinary Service

To strengthen the State veterinary system, paying a particular attention to the improvement of institutional capacity, in 1999 the State Veterinary Service (SVS) and the State Veterinary Medical Diagnostic Centre (SVMDC) were reorganized thus improving also capacities of the regional laboratories.

SVS is an institution supervised by the Ministry of Agriculture. It consists of the central body, the district veterinary offices (27) and the network of veterinary laboratories (the SVMDC, 14 regional and the district veterinary laboratories). On 1 January 2000, the SVS employed 743 persons, 152 of them are carrying out administrative functions, 343 – surveillance functions but the remaining 248 persons are the technical staff. The SVS competence covers:

- Performance of all veterinary measures in the country in compliance with the acquis communautaire.
The Sanitary Border Inspection (SBI)

The SBI is responsible for veterinary border control as well as the checks on consignments subjected to sanitary (safety) and phytosanitary control. It is an institution supervised by the Ministry of Agriculture. SBI consists of administration (34 persons) and sanitary border control posts (221 persons) on motor roads, railways, ports, customs warehouses, airport and post offices.

The State Pedigree Inspection and the State Breeding Information Data processing Centre, Ltd

The State Pedigree Inspection is an institution supervised by the Ministry of Agriculture, supervising compliance with regulatory documents on zootechnics. It carries out controlling and surveillance functions in accordance to the Law On Pedigree Activities.

The State Breeding Information Data Processing Centre, Ltd is responsible for development, maintenance and storing of pedigree information database, keeping of herd and animal register as well as the data processing concerning recording of different animal species.

The State Plant Protection Service

To strengthen the plant protection system, the State Plant Protection Service was reorganized in 1999. In 2000 the Service employed 258 persons.

The basic functions of the State Plant Protection Service are as follows:

- Phytosanitary control in compliance with the EU requirements;
- Assessment and registration of plant protection products in compliance with the EU requirements;
- Marketing and application control of plant protection products;
- Seed quality control and certification of seeds;
- Comparing of plant varieties;
- Control of pesticide residues;
- Control of fertilizers.

The State Quality Control Service of Plant Products

Based on reorganization of the State Food Inspection and the State Grain Inspection, the State Quality Control Service of Plant Products was established in 2000. The Service employs 28 persons.

The basic functions of the State Quality Control Service of Plant Products are as follows:

- Surveillance and control of the production and distribution chain of plant products;
- Conformity assessment of establishments;
- Attesting of the sectoral laboratories and interlaboratory testing.

The Agricultural Market Intervention Agency

Non-profit organization the State stock company “Agricultural Market Intervention Agency” was set up by the Cabinet of Ministers in 1997, while reorganizing the Latvian State Grain Bureau - an institution supervised by the Ministry of Agriculture. Founder of the Agency is the State and the Ministry of Agriculture is the holder of the State share. Currently, the Agricultural Market Intervention Agency employs 12 persons.

Tasks of the Agency are determined by the Law On Cereal Market In Latvia and the State Grain Reserve, statutes of the Agency, Regulations of the Cabinet of Ministers on adoption procedure of market intervention measures on cereal market of Latvia and sugar sector, and other regulatory documents.
The basic functions of the Agricultural Market Intervention Agency are as follows:

- To implement the market intervention measures in respect of plant products and the State cereal policy;
- To prepare the State cereal production and consumption balance as well as to control its implementation.

The Latvian State Institute of Agrarian Economics the Market Promotion Centre.

The Market Promotion Centre collects information on prices, makes analysis on the market of agricultural products.

The State Forest Service

On January 2000, the State Forest Service - an institution supervised by the Ministry of Agriculture, was reorganized. Currently, the State Forest Service employs 1650 persons.

The basic functions of the State Forest Service are as follows:

- Controls observation in all the forests of the regulatory documents regulating forest management and use;
- ensures information and advisory services to forest owners on forestry issues and requirements of relevant regulatory documents;
- issues permits, certificates, licenses, approvals provided by regulatory documents as well as attests the sources of obtaining of forest reproductive material and certifies the forest reproductive material;
- carries out forest monitoring, organizes surveillance of forest protection against fires and fire limitation.
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   b) Horizontal measures

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2. Quality policy
3. Farm accountancy data network (FADN)
4. Non-annex I products
5. State aid
6. Miscellaneous

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   b) Processed cereals, cereal substitutes, animal feedingstuffs, rice, dried fodder
2. Processed cereals, potato starch, cereal substitutes, animal feedingstuffs, rice, dried fodder
3. Sugar
4. Olive oil and fibre plants
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   b) Silkworms
   c) Isoglucose
   d) Cotton
   e) Flax and hemp
5. Fruits and vegetables
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   b) Processed fruits and vegetables
6. Wine and alcohol
7. Bananas, tobacco, seeds, hops and other special crops
   a) Bananas
   b) Hops
   c) Untreated tobacco
   d) Seeds
   e) Flowers and live plants
8. Milk and milk products
9. Beefmeat and sheepmeat
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      3. Eradication measures of animal diseases
      4. Animal health – trade in live animals and products of animal origin
      5. Food of animal origin – conformity of the enterprises involved in foodstuff’s circulation to the requirements
      6. General measures
      7. Animal well-being
      8. Zootechnical material (animal breeding)
      9. Imports from third countries of animals and animal products – the EU international agreements and bilateral agreements of Latvia

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   List of the legislative acts of the European Community where technical adjustments are requested
## Abbreviations

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<tr>
<th>Abbreviation</th>
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<tr>
<td>AATSC</td>
<td>Agricultural Advisory and Training Support Centre</td>
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<td>AMIA</td>
<td>Agricultural Market Intervention Agency</td>
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<td>CAP</td>
<td>Common Agricultural Policy</td>
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<td>CMO</td>
<td>Common Market Organisation</td>
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<td>CoM</td>
<td>Cabinet of Ministers</td>
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<td>CSB</td>
<td>Central Statistical Bureau of Latvia</td>
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<td>EAA</td>
<td>Economic Accounts for Agriculture</td>
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<td>EAGGF</td>
<td>European Agricultural Guidance and Guarantee Fund</td>
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<td>EC</td>
<td>European Commission</td>
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<td>EPPO</td>
<td>European and Mediterranean Plant Protection Organisation</td>
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<td>EU</td>
<td>European Union</td>
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<td>FADN</td>
<td>Farm Accountancy Data Network</td>
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<td>FRM</td>
<td>Forest Reproduction Material</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>IACS</td>
<td>Integrated Administration and Control System</td>
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<td>LAS</td>
<td>Latvian Apianist Society</td>
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<td>LFA</td>
<td>Less favourable areas</td>
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<td>LMPC</td>
<td>Latvian Market Promotion Centre</td>
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<td>LR</td>
<td>Republic of Latvia</td>
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<td>LSIAE</td>
<td>Latvian State Institute of Agrarian Economics</td>
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<td>MoA</td>
<td>Ministry of Agriculture</td>
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<td>MoE</td>
<td>Ministry of Economics</td>
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<td>MoEPRD</td>
<td>Ministry of Environmental Protection and Regional Development</td>
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<td>MoF</td>
<td>Ministry of Finance</td>
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<td>MoW</td>
<td>Ministry of Welfare</td>
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<td>NGO</td>
<td>Non-governmental Organizations</td>
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<td>RSS</td>
<td>Rural Support Service</td>
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<td>SAPARD</td>
<td>Rural Development plan</td>
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<td>SBI</td>
<td>Sanitary Border Inspection</td>
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<td>SBIDPC</td>
<td>State Breeding Information Data Processing Centre, Ltd</td>
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<td>SLS</td>
<td>State Land Service</td>
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<td>SPI</td>
<td>State Pedigree Inspection</td>
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<td>SQCSSP</td>
<td>State Quality Control Service of Plant Products</td>
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<td>SVS</td>
<td>State Veterinary Service</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UPOV</td>
<td>International Convention for the Protection of New Varieties of Plants</td>
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<td>SPPS</td>
<td>State Plant Protection Service</td>
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</table>
A. General issues, horizontal measures

a) European Agricultural Guidance and Guarantee Fund

Situation in the sector

Latvia is gradually and resolutely implementing the basic elements of the EU Common Agricultural Policy. The Rural Support Service (RSS) was established by the Regulations of the Cabinet of Ministers No 504 of 03.11.1999 On the Rural Support Service, the legal basis of which was laid down by the Law On Rural Support Service that came into force on 28.04.2000. The law establishes the functions of the Service in pre-accession period as well as sets up the basis for transfer of the necessary functions when coming closer to the date of accession to the EU. RSS will administrate and control the implementation of the EU agricultural and rural development measures, maintain the databases and register necessary for the national agriculture.

RSS being established as the SAPARD paying agency will gradually take over the functions of the Paying Agency in respect of the basic elements of the EU CAP and EAGGF payments after accession to European Union. Administrative capacities of the RSS will be consolidated during the implementation of the SAPARD programme.

The system is being introduced at this stage; ensuring administration of both the national aids and the EU pre-accession aid and rural support programmes (SAPARD), and upon accession the system will administrate also the CAP measures. It is developed on the basis of the EU Integrated Administration and Control System (IACS) principles.

Currently, separate elements of the IACS have been implemented in Latvia but they have not yet been combined into a single system:

- The State Real Estate Cadastre – covers information regarding location, borders, size, condition, value as well as owners and users of real estate. The real estate is classified according to the following uses:
  - agriculture;
  - forestry;
  - water management;
  - industry.

The land within the territory of Latvia is subjected to accountancy irrespectively of the ownership type. The land accountancy registers the land use types (e.g. arable land, orchards, etc.) as at the date of land surveying. The land surveying was carried out in 1994 and 1995.

Orthophoto maps – aerophotographs are forming a digital model. Field inspections are carried out in addition. The materials about Latvia in this respect are available from 1994 to 1999. The earliest materials were prepared in 1994 in West Kurzeme, in 1998 in North Vidzeme but in 1999 in Latgale. In 2002, aerophotographs will be taken repeatedly. This information could be processed in 2005. Currently, there are maps available at the State Land Service at a scale of 1:10000, it is the smallest scale but on taking the repeated photographs, the scale in future would be 1:5000.


- At the end of 1999, the Rural Support Service was established - the institution supervised by the Ministry of Agriculture, which is responsible for a uniform application of the national aid and the EU aid policy in Latvia.

- The Ministry of Agriculture is responsible for the development of agricultural policy and preparation of the legal basis for agriculture in accordance with the EU requirements.
Implementation phases of the Integrated Administration and Control System

2000 - connection of the regional departments of the Rural Support Service into a joint network;
2001 - elaboration and adoption of Regulations of the Cabinet of Ministers on the joint Administration and Control System;
2002 - merging of the registers in the joint network;
2003 - establishment of the Land parcel register (the register of agricultural land areas).

Legal basis

- Law On Rural Support Service (06.04.2000), (1258/1999/EC; 1663/95/EC; 3508/92/EEC un 3887/92/EEC);
- Regulations of the Cabinet of Ministers No 10 on Registration provisions of animals and herds (13.01.1998), (3508/92/EEC un 3887/92/EEC);
- Regulations of the Cabinet of Ministers No 158 on the State Real Estate Cadastre (30.04.1996), (3508/92/EEC un 3887/92/EEC).

By the end of 2000 the following legal acts will be adopted:

- Law On Amendments to Law On Agriculture – the draft contains the rule providing for elaboration of the Regulations of the Cabinet of Ministers on development of the administration and control system.

By the end of 2001 the following legal acts will be adopted:

- Regulations of the Cabinet of Ministers On a joint administration and control system.

Administrative structure

Currently the following institutional system is in place, ensuring administration and control of the Latvian and the EU agricultural and rural development aid measures:

- Ministry of Agriculture – elaboration of policy and legislation, implementation of the EU acquis communautaire;
- Rural Support Service (RSS):
  Structure
  Rural Support Service is the State administration institution supervised by the Ministry of Agriculture, and responsible for a uniform application of the national aid and the EU aid policy in Latvia. RSS supervises the compliance with legal acts and acts in the area of agriculture and carries out other functions associated with implementation of agricultural and rural support policy. The Service constitutes the central body and the territorial structural units (one State administration body for land reclamation systems and 9 Regional Agricultural Departments covering 26 districts of Latvia). (Fig.1)
  Internal audit
  The internal audit is an independent structural unit within RSS that will be supported in its initial stage (until 31 December 2001) by the services of an international audit company. The internal audit will be carried out on appropriate handling the EU financial resources when dealing with SAPARD funds.
  The basic functions of the Rural Support Service
  It carries out the following functions within its scope:

- Implements administrative, financial and technical management system with the view of application of the national aid and the EU aid;
- Administrates the national aid and the EU aid to agriculture, rural areas, forestry and fisheries;
- Develops, maintains and updates the integrated information systems necessary for administration of agricultural and rural support policy and the EU aid.
• **Certifying institution**
  Complying with the EU Regulation No 1663/95, an audit company for certification of the RSS will be selected by means of a tender by submitting appropriate reports to the EU services. The first certification of the kind will be carried out during the pre-accreditation audit of the Rural Support Service with the view of its final accreditation for administration of SAPARD resources.

• **Competent authority**
  The Ministry of Finance has been selected as the competent authority in Latvia to accredit the RSS and inform the EU services thereof. The law On Rural Support Service lays down the competence of the Ministry of Finance to allocate or withdraw the accreditation, if any of the accreditation criteria is not met.

**In accordance with the European Union requirements, the Rural Support Service shall ensure the following functions in respect of the Integrated Administration and Control System:**

- make entries into the computerized database from the payment application forms on every agricultural holding;
- on the basis of the risk assessment, choose applications for on-site inspection;
- formulate the appropriate information to be included into the application forms and make amendments if necessary;
- carry out the administrative control and on-site control in the way to ensure an efficient verification of compliance with the relevant provisions that allocation of subsidies or payments are based upon.

**Other involved institutions**

• **State Land Service**
  It is an independent State institution subordinated to the Cabinet of Ministers, maintaining the cadastre register at the national level in compliance with the law On the State Land Service, as well as establishing and updating the information system.

**In accordance with the European Union requirements, the State Land Service shall ensure the following functions in respect of the Integrated Administration and Control System:**

- establish the agricultural land areas, ensuring the measurement precision, fixing the tolerance margin, taking into account the local factors (for example, slope of the land plot, configuration, etc.).

The administration and control system of the EU agricultural and rural development measures will be fully operational as from the date of accession to the EU.

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of administration and control of EAGGF payments and ensure functioning of the Integrated Administration and Control system, as well as assume responsibilities of a Member State as from the date of accession. **However, Latvia expects an equal funding from the European Union to implement the system in compliance with the Regulations No 3508/92 and No 3887/92.**

**Justification of the position**

Latvia is ready to implement the Integrated Administration and Control system as from the date of accession on condition that it is possible to receive the EU pre-accession aid targeted at setting up and merging of the registers to administrate the national and the EU aid.
Figure 1

Structure of Rural Support Service

Director

Rural Development Division

Agriculture Division

Support Department

Finance Department

Support Data Division

Information Division

Information Department

Financial Controls – Payments Division

Accounting and Reporting Division

Support Department

Audit Department

Control Department

Regional level

Headquarters

Dienvidkurzeme Regional Agriculture Department

Ziemelkurzeme Regional Agriculture Department

Zemgale Regional Agriculture Department

Lielīrga Regional Agriculture Department

Viduslatvija Regional Agriculture Department

Ziemeļvidzeme Regional Agriculture Department

Ziemeļaustrumu Regional Agriculture Department

Dienvidlatgale Regional Agriculture Department

Austrumlatgale Regional Agriculture Department

Aiviekste Amelioration Systems State Department
b) Horizontal measures

1. Trade mechanisms

Situation in the sector

No administration system of trade mechanisms analogous to the European Union’s model for agricultural and processed foodstuffs does currently exist in Latvia. In this context, the import-export licensing system for agricultural products in the meaning of the European Union does not exist in Latvia (only import licenses for cereals and cereal based products and sugar are used), in the same way no security deposits are lodged, import levies or export refunds paid for agricultural products.

An agricultural market intervention agency is operating in Latvia, currently administrating the market intervention for plant products (cereals and sugar).

As from the date of accession to the EU, the rest of agricultural trade mechanisms and the institutional system for their administration purposes will be introduced in Latvia:

- Intervention mechanism for other agricultural products;
- An improved import and export licensing system;
- Aid refund for agricultural products and their combined nomenclature;
- Guarantee payments for import and export licenses and transactions.

Legal basis

- Law On Customs (11.06.1997);
- Law On Customs Tariffs (29.09.1994);
- Law On International Agreements Concluded by the Republic of Latvia (13.01.1994);
- Marrakech Protocol on Accession of the Republic of Latvia to the Marrakech Agreement establishing the World Trade Organisation;
- Free Trade Agreements with:
  - European Union (01.02.1998);
  - EFTA States - Switzerland, Iceland, Liechtenstein, Norway (01.06.1996);
  - Czech Republic (01.07.1996);
  - Slovakia (01.07.1996);
  - Slovenia (01.08.1996);
  - Lithuania and Estonia (01.01.1997);
  - Poland (01.04.1998);
  - Hungary (01.01.2000);
  - Turkey (01.07.2000).
- Regulations of the Cabinet of Ministers No 348 On licensing of certain entrepreneurial activities (07.10.1997);
- Regulations of the Cabinet of Ministers On customs tariff quotas (25.03.1997);
- Regulations of the Cabinet of Ministers Cereal market intervention provisions (27.06.2000).

Administrative structure

Currently the following institutional system is in place, and with its functions being extended as from the date of accession, it will ensure administration of these mechanisms in compliance with the EU requirements:

- **The Ministry of Agriculture** – elaboration of policy and legislation, implementation of the EU acquis communautaire;
- **The Rural Support Service** – gradually takes over functions of the Paying Agency in respect of EU CAP basic elements and EAGGF funding after accession to EU. Currently RSS is administrating:
  - tariff quotas for the products of this sector within the framework of WTO, Europe Agreement and Free Trade Agreements;
  - issue of sugar import licences.
• **The Agricultural Market Intervention Agency:**
  - administrates market intervention mechanisms for plant products (cereals and sugar);
  - issues import-export licenses for cereals and derived products.

The EU Paying Agency will ensure administration of all the aforementioned EU trade mechanisms in compliance with the EU legislation requirements as from the date of accession to the EU.

Administration of the trade mechanisms in Latvia will be fully operational as from the date of accession to the EU.

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of trade mechanisms as well as assume responsibilities of a Member State as from the date of accession to the EU.

**2. Quality policy**

**Situation in the sector**

The basic quality principles are laid down in the law On Trademarks and Geographic Indications. This function is carried out by the Patent Office, but to implement the EU requirements in full the aforementioned law should be amended, thus extending the scope of the Patent Office functions. A list of agricultural products and foodstuffs must be established, to which the protection of geographic indications, designation of origin and certificates of specific character must be applied to.

**Legal basis**

- Law On Trademarks and Geographic Indications (16.06.1999), (40/94/EC; 89/104/EEC).

**By the end of 2001 the following regulatory document will be adopted:**

- Regulations of the Cabinet of Ministers On protection of geographic indications and designation of origin.

**Administrative structure**

Currently the following institutional system is ensuring the food quality policy:

- **Ministry of Agriculture** – elaboration of policy and legislation, Implementation of the EU *acquis communautaire*;
- **Food Centre of the Ministry of Welfare** – assessment of applications;
- **The Patent Office** - legal and judicial protection in the area of trademark registration, application of trademarks and geographic indications. Carries out expertise of innovations and sample designs of trademarks, issues patents and certificates, keeps relevant State registers;
- **The State Veterinary Service** – carries out the State surveillance and control of animal products;
- **The State Quality Control Service for Plant Products** - carries out the State surveillance and control of plant products.

Administration of the quality policy in Latvia will be fully operational as from the date of accession to the EU.

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of quality policy as well as assume responsibilities of a Member State as from the date of accession to the EU.
3. Farm accountancy data network (FADN)

Situation in the sector

Central Statistical Bureau of Latvia, in collaboration with the Ministry of Agriculture, carries out data survey of income, expenditures, taxes and duties of agricultural producers in the preceding year, classifying them according to their size, type and mode of economic activity. Trilateral agreement among the Ministry of Agriculture (MoA), the Latvian Agricultural Advisory and Education Centre (LAAEC) and the Latvian State Institute of Agrarian Economics (LSIAE) envisages that the Latvian State Institute of Agrarian Economics should be in charge of the setting up and development of FADN in Latvia. Formerly, the LAAEC farm accounting data and information submitted by the farms applying for the State aid, was used as the basic information.

A complete basis for sample establishment will be available only after agricultural census. From 2000, setting up of the FADN sample started with about 500 farms. Only part of the farms submitted information concerning 1999 in accordance with FADN requirements. To avoid reduction of FADN farms in number in respect of 1999, the LAAEC farm accountancy data was used in addition to sample farm data. Formerly, average indices were calculated as the mean value but from 2000, summing up sample survey, the average weighted indices are calculated.

Legal basis


**By the end of 2000 the following legal act will be adopted:**

- Law On Amendment to the Law On Agriculture – the draft contains provision to draw up the Cabinet Regulation on setting up of the Farm Accountancy Data Network (79/65/EEC and 1859/82/EEC).

**By the end of 2001 the following legal act will be adopted:**

- Regulations of the Cabinet of Ministers On the Farm Accountancy Data Network.

Administrative structure

Currently, the following institutional system is in place, ensuring administration of the Farm Accountancy Data Network:

- **Ministry of Agriculture** – elaboration of policy and legislation, Implementation of the EU *acquis communautaire*;
- **Central Statistical Bureau of Latvia** – is co-operating in setting up of FADN.
- **Latvian Agricultural Advisory and Education Centre** – summarises data from enterprises collecting accountancy data.
- **Latvian State Institute of Agrarian Economics** – is partly functioning as a liaison agency complying with the EU requirements.

Administration of the Farm Accountancy Data Network in Latvia will be fully operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of Farm Accountancy Data Network as well as assume responsibilities of a Member State as from the date of accession. However, Latvia qualifies for the financing provided by the Regulation No 79/65/EEC for all sample farms, which have submitted aggregate farm accountancy data.
4. Non-annex I products

Situation in the sector

No market administration system for processed agricultural products similar to that of European Union does currently exist in Latvia. There is no import-export licensing system in place for basic agricultural products used for processing either. Until now, Latvia has encountered with the trade mechanism for processed agricultural products only in the framework of the Europe Agreement in connection with the preference regime in respect of the processed agricultural products when administrating their imports from the European Union

Legal basis

- Law On Customs Tariffs (29.09.1992);
- Regulations of the Cabinet of Ministers On licensing of certain entrepreneurial activities (07.10.1997);
- Regulations of the Cabinet of Ministers On customs tariff quotas (25.03.1997).

Administrative structure

Currently the following institutional system is in place and, with its functions being extended as from the date of accession, it will ensure administration of trade mechanisms for processed agricultural products in compliance with the EU requirements:

- **Ministry of Agriculture** – elaboration of policy and legislation, Implementation of the EU *acquis communautaire*;
- **Agricultural Market Intervention Agency** – administrates market intervention mechanisms for plant products (cereals and sugar), issues import-export licenses for cereals and derived products.
  
  **Tasks of this Agency in future will be:**
  - administration of the intervention mechanism;
  - issuing of import-export licenses to all agricultural products (licenses will be issued to each composite part of agricultural component).
- **Rural Support Service (RSS)** – gradually takes over the Paying Agency functions in respect of the EU CAP basic elements and after accession to EU – the EAGGF payments. In respect of the processed agricultural products RSS currently:
  - administrates tariff quotas within the framework of the Free Trade Agreements;
  - issues sugar import licences.
  
  **Upon accession to the EU, the RSS in the capacity of the Paying Agency:**
  - will administrate import duties and export refunds for the processed agricultural products.
- **Market promotion Centre of the Latvian State Institute of Agrarian Economics** – surveys on import and domestic market prices.
  
  **As from the date of accession to the EU**, the Centre will notify prices to the European Commission.

Administration system for the market organization of processed agricultural products in Latvia will be fully operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of trade organization for processed agricultural products as well as assume responsibilities of a Member State as from the date of accession to the EU.
5. State aid

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of the State aid as well as assume responsibilities of a Member State as from the date of accession to the EU.

6. Miscellaneous

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of miscellaneous as well as assume responsibilities of a Member State as from the date of accession to the EU.

B. Common market organization

1. Cereals, oleaginous crops and protein crops

Situation in the sector

Cereals, oleaginous crops and protein crops are being cultivated in the sector of arable crops in Latvia. Production of cereals traditionally is one of the most significant sectors of crop farming in Latvia. During the last 10 years, areas under cereals reduced due to several reasons – a sharp fall in prices, decline in the livestock farming sector, as well as lowering purchasing power and reduction of the number of consumers. The largest total area under arable crops was in 1992 when it amounted to 715500 ha, including 700000 ha of cereals (see Annex 1).

The highest yield of cereals in Latvia 1627200 t was observed in 1990. Until 1993, the total yield of cereals was 1300000 t, but due to the aforementioned reduction of sown areas under cereals, the yield was gradually reducing.

The local market absorbs 1800000 t of cereal products annually.

The productivity of cereals is widely varied, depending on specialization and the level of technology of the region or the farm. Since 1996, the average productivity of cereals shows an upward trend. The soil in the major part of Latvia and the agri-climatic conditions are adequate for obtaining of about 3.2 t/ha of cereals. The average yield on the specialized cereal farms, applying intensive growing technologies and having a renewed fleet of agricultural machinery, amounts to 6 t/ha.

The areas under oleaginous crops during the last 9 years have staid on the level of 6400 ha with productivity rate – 0.72 t/ha, the total yield – 3740 t. Implementing the State aid policy and the consumption of oil plant products being increased, started a rapid enlargement of the areas under oleaginous crops started in 1998 - mainly rape seed areas, amounting to 6500 ha in 1999. (See Annex 1).

State aid

Since 1996, the State aid to the development of arable crop production was allocated in the form of subsidies in compliance with the annual Decree of the Ministry of Agriculture On State aid to manufacturing of products complying with the EU requirements.

The aid to production of arable crops within this programme is channelled to:
- Implementation of the market intervention measures;
- Seed breeding and seed production measures;
- Technologic modernization of arable crop production.
Sectoral policy and strategy

The following legal documents form the basis of the sectoral policy and strategy in Latvia:

- Law On Agriculture (24.10.1996);
- Development concept of agriculture (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme of agricultural development

Specialization of cereal production farms according to grain utilization purposes (fodder grain including) and application of the target-oriented land cultivation system that would create prerequisites for productivity increase, have been set up as a target for the cereal sector development. Gradually grain quality standards and requirements prevailing on the EU and the world markets will be taken over and implemented in full on the date of accession to the EU.

As from 2000, a compensatory payment system based on areas under cereals, oleaginous crops and protein crops will be gradually implemented.

From 2001, modernization of the cereals sector will receive support from the EU SAPARD programme within the framework of the Latvian Rural Development Plan under the following sub-programme:

- “Modernization of agricultural machinery, equipment and buildings”.

Currently, Latvia is working at implementation of the elements of CMO for cereals. In 2000, the following CMO elements are implemented in Latvia:

- administration of cereal market intervention mechanisms;
- issue of import/export licences for cereals and cereal based products;
- quota administration for cereals and cereal based products.

In 2001, it is envisaged to work on the administration of CMO mechanisms and improvement of institutional system in cereal sector:

- import/export licensing mechanism concerning the guarantee for cereal products;
- implementation of import duties.

Legal basis

- Law On Agriculture (24.10.1996);
- Law On Cereal Market in Latvia and the State Grain Reserve (18.05.1993);
- Law On Payments to Producers of Unprocessed Agricultural Products (02.11.1995);
- Regulations of the Cabinet of Ministers On cereal market intervention (27.06.2000), (689/92/EEC (replaced with 824/2000/EEC)).

By the end of 2000 the following amendments will be adopted:

- Law On Cereal market in Latvia and the State Grain Reserve

Administration structures

Currently, the following institutional system, ensuring administration of the common market organization of cereals is in place in Latvia:

- Ministry of Agriculture – elaboration of legislation and policy, implementation of the EU *acquis communautaire*, development of the sectoral strategy, representation of the sectoral interests;
- Rural Support Service (RSS) – approval of producer organizations and assessment of action plans, aid allocations, administration of promotion programmes. **Upon introduction of the EU CMO mechanism for cereals, the RSS will carry out the administration of the EU payments**;
- Agricultural market Intervention Agency – administration of intervention measures, issue of import/export licenses;
- State Control Service for Plant Products – quality control of cereals bought into intervention and control of cereal intervention warehouses, functions of the reference laboratory, testing of the laboratories involved in cereal quality determination, ensuring operation of the Baltic cereal control network;
• State Plant Protection Service - control of products in accordance with the domestic market standards;
• Sanitary Border Inspection - control of products in accordance with the standards on the border;
• Latvian Market Promotion Centre of the Latvian State Institute of Agrarian Economics – collection and summary of import and domestic prices. **Upon introduction of the EU CMO mechanism, the Centre will carry out the communication of prices to the European Commission;**
• Council of Co-operative Societies of Latvian cereal producers, holders and processors – represents the interests of cereal producers, holders and processors.

Administration systems of common market organization in cereals sector in Latvia will be fully operational as from the date of accession to the EU.

I Market organization in cereals

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of market organization in cereals as well as assume responsibilities of a Member State as from the date of accession, excluding the following items where Latvia deems necessary to continue negotiations:

<table>
<thead>
<tr>
<th>1. The minimum quality requirements for barley intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EU legal act:</td>
</tr>
<tr>
<td>Commission Regulation (EC) No 824/2000 of 19 April 2000 establishing procedures for the taking-over of cereals by intervention agencies and laying down methods of analysis for determining the quality of cereals</td>
</tr>
<tr>
<td>Latvia requests exemption for the minimum grain size of barley bought into intervention, determining the size of 2 mm, taking into account the amendment implementation procedure provided by the EU legislation.</td>
</tr>
</tbody>
</table>

**Justification of the position**
Barley is the most common crop species in Latvia. The proportion of barley in the total sown area and the total yield makes 30%. Similar to Sweden, Finland and Estonia, the early six-row barley is cultivated in Latvia and the enlargement of their sowings is foreseen in future. Morphologic properties of these species differ from those of two-row barley as well as due to agri-ecologic conditions of Latvia the grain size of barley is smaller.

<table>
<thead>
<tr>
<th>2. Minimum quality requirements for rye intervention</th>
</tr>
</thead>
<tbody>
<tr>
<td>The EU legal act:</td>
</tr>
<tr>
<td>Commission Regulation (EC) No 824/2000 of 19 April 2000 establishing procedures for the taking-over of cereals by intervention agencies and laying down methods of analysis for determining the quality of cereals</td>
</tr>
<tr>
<td>Latvia requests exemption in respect of the minimum falling number of grain for intervention rye, determining it as 100.</td>
</tr>
</tbody>
</table>
**Justification of the position**

Cultivation of rye in Latvia is common in regions where the soil and agri-climatic conditions are not adequate for winter wheat production. Of the total areas under winter crops, rye is sown on 90 360 ha in average that makes 44%. The average yield is 195 764 t that makes 17% of the total yield of cereals.

Reaching of certain quality indices in compliance with the EU requirements in some years cause problems due to the agri-climatic conditions, as the harvesting period is rich in precipitation. The decisive factor for the rye quality is the falling number, the determination of which started in Latvia from 1993, and the effective provisions lay down it at 90. The above normative index is able to provide for the production of a high quality bread. In 1993, 1994, 1998 and 2000, the falling number basically was below 100. Determination of the minimum falling number at 100 will not have any impact on the EU market as the rye market in Latvia is not saturated and rye is regularly imported.

### 3. Deadline for spring sowing and submission of applications

**EU legal acts:**

Latvia requests exemptions in respect of deadlines for spring sowing of cereals, oleaginous crops and protein crops and submission of applications, fixing it at 15 June.

**Justification of the position**

The spring sowing in the climatic zone of Latvia starts no earlier than 15 April, but in most years the date is 25 April. Thus, it is impossible to finish the sowing by 15 May. Several species are not cold resistant. The early sowings are seriously endangered by late spring frosts, therefore these species are usually sown at the end of May and the beginning of June.

### II Compensatory payment based on arable crops

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of market organization for arable crops as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

### 1. Compensatory payment system

**EU legal act:**
- Council Regulation (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops

Latvia requests to establish the basic area as 688 000 ha for compensatory payment calculation.

**Justification of the position**

The basic area for the State compensatory payment calculation for arable crops is 688 000 ha on the basis of Article 2(2) of the EU Council Regulation No 1251/1999.
2. The compensatory payment system

EU legal act:
Council Regulation (EC) No 1251/1999 of 17 May 1999 establishing a support system for producers of certain arable crops

Latvia requests to establish the average yield for compensatory payment calculation for cereals as 3.0 t/ha.

Justification of the position
The average statistical yields of cereals in Latvia are calculated, using data collected from all types of farms. A large part of them produce cereals for their own use, thus the production is extensive and with a very low productivity rate. At the specialized cereal production farms where commercial products are produced applying intensive cereal production technologies, the average yield of cereals from one ha is 3.0 t (many farms reaching 6.0 t/ha), that is optimum yield for the climatic and soil conditions prevailing in Latvia. The State aid is channelled to support of such farms.

The total yield of cereals depending on the average productivity

<table>
<thead>
<tr>
<th>Productivity, t/ha</th>
<th>1996 total yield</th>
<th>1997 total yield</th>
<th>1998 total yield</th>
<th>1999 total yield</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% t</td>
<td>% t</td>
<td>% t</td>
<td>% t</td>
</tr>
<tr>
<td>&gt;2.25</td>
<td>66 637957</td>
<td>66 688780</td>
<td>63 608170</td>
<td>54 428253</td>
</tr>
<tr>
<td>&gt;2.75</td>
<td>45 431533</td>
<td>39 411240</td>
<td>38 373560</td>
<td>33 260596</td>
</tr>
<tr>
<td>&gt;3.25</td>
<td>24 232350</td>
<td>20 209692</td>
<td>22 214880</td>
<td>20 159665</td>
</tr>
<tr>
<td>100 964200</td>
<td>100 104340</td>
<td>100 973100</td>
<td>100 793900</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Central Statistical Bureau of Latvia

2. Processed cereals, potato starch, cereal substitutes, animal feedingstuffs, rice, dried fodder

a) Potato starch

Situation in the sector
Potato starch production is economically significant in Latvia. Potato growing for starch production purposes, due to the Government aid policy, has rapidly increased in Latvia lately. Latvia is the only Baltic State having maintained a modern and successfully operating starch manufacturing establishment. The highest starch production volume 8900 t was reached in 1984. Due to the agrarian reform and restructuring of agriculture, in 1994 – 1995 there was a sharp decline in potato starch production. Lately, large investments were made into modernization of the potato starch plant, resulting in a rapid rise in production and exports of starch. (See Annex 2).

State aid
The State aid to potato starch production development is allocated in the form of subsidies since 1996 in accordance to the Instruction by the Ministry of Agriculture “On the State aid to manufacturing of products complying with the EU requirements”. The main directions of the aid to potato starch production within this programme are as follows:

- The direct subsidies for starch content of potatoes;
- Modernization of plant production technologies;
- Seed breeding and seed production measures.
Sectoral policy and strategy

The following legal documents form the basis of the sectoral policy and strategy in Latvia:

- Law On Agriculture (24.10.1996);
- Development concept of agriculture (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme of agricultural development.

The objective of agricultural policy in Latvia is to ensure a sustainable development of the sector by manufacturing competitive products, and satisfy the domestic and Baltic markets with high quality potato starch.

Legal basis

- Law On Agriculture (24.10.1996);
- Law On Payments to Producers of Unprocessed Agricultural Products (02.11.1995);

Administration structures

Currently the following institutional system is in place providing for the administration of common market organization in potato starch:

- **Ministry of Agriculture** – legislation and policy development, Implementation of the EU *acquis communautaire*, development sectoral strategy, representation of sectoral interests;

  *Upon introduction of the EU CMO mechanism for potato starch, the RSS will carry out the administration of the EU payments;*

- **Agricultural market Intervention Agency** – administration of intervention measures;
- **State Plant Protection Service** - control of products in accordance with the domestic market standards;
- **Sanitary Border Inspection** - control of products on the border in accordance with the standards;
- **Latvian Market Promotion Centre of the Latvian State Institute of Agrarian Economics** – assessment and summary of import and domestic prices.

  *Upon introduction of the EU CMO mechanism for potato starch, the Centre will carry out the communication of prices to the European Commission.*

Administration of common market organization in potato starch in Latvia will be fully operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of common market organization in potato starch as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

Production quota of potato starch

The EU legal act:


Latvia requests the multiannual potato starch production quota in volume of 15 000 t
Justification of the position

Potato growing with the purpose of starch production is developed in a region where soil and climatic conditions are the most suitable for cultivation of this crop. In 1999, the starch content of potatoes bought-in for processing was 19.9% that ranked as the second best index in Europe. The average results of variety testing trials in six years prove that it is possible to obtain the yield of 31 – 40 t/ha with the starch content of 18.7-19.9% without watering. Growing and processing of starch potatoes is located in the North Vidzeme – for the most part in economically disadvantaged region where potato production is the only source of income for the most of farms as production of other crops in this region is not cost effective. The starch produced in Latvia currently is and will be distributed mainly on the Baltic market. The starch market in the Baltic States to date is 10 000 t annually. At this stage Latvia possesses 45% of this market. By the date of accession, the Baltic starch market will be enlarged to 17-18 000 t annually. Article 2 of the Council Regulation (EEC) No 1868/94 of 27 July 1994 establishing a quota system in relation to the production of potato starch provides for granting Germany a reserve quota (after joining) in 1996/97 marketing year based on unrecoverable productions investments. Due to the investments made by Sweden, a modern potato starch plant, the only one in the former Soviet Union, has been set up in Latvia. This establishment has implemented a significant development programme, investing 2.2 mi LVL (3.7 mi EUR) by 2000 and envisaging to invest additionally 1.5 mi LVL (2.5 mi EUR) with the view of increasing starch production to 15 000 t/year until 2003. For the season of 2000, it is envisaged to increase starch production by 36%.

b) Processed cereals, cereal substitutes, animal feedingstuffs, rice, dried fodder.

Situation in the sector

Climatic conditions in Latvia are not suitable for rice cultivation. Until the early 90-ies, there was dried fodder production in Latvia but due to the rise in costs of energetic resources, it was stopped. Still, the production of processed cereals, cereal substitutes and fodder is carried out in small volumes. In case a favourable situation arises, it is possible that the production of processed cereals, cereal substitutes and dried fodder, could be resumed.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of processed cereals, cereal substitutes and dried fodder as well as assume responsibilities of a Member State as from the date of accession to the EU.

3. Sugar

Situation in the sector

Sugar production in Latvia has favourable development conditions and the sector has always played a significant role in the structure of agricultural crops and development of the food industry. Currently, under conditions of a coherent State policy, it is one of the most stable and profitable sectors of agriculture. Proportion of sugarbeet sown areas in the total structure of sowings is about 2%, in the basic cultivation districts and farms the proportion of sugarbeet sown areas amounts to 20%. Currently, there are 15 thousand ha under sugarbeets and in 1999, the proportion of sugarbeets in the total agricultural output made 3.2% but in the total volume of plant products – 5.8%. There are 622 farms producing sugarbeets in Latvia. For the sake of comparison, in 1995 there were 2554 such farms but the yield per farm has increased from 109 t to 721 t. It is a sign of farm concentration and specialization. Sugarbeet producers are applying modern technology, imported seeds, fertilizers and plant protection products. There are farms where sugarbeet yield reaches 40-50 t/ha.
**Table 1**

Indicators of sugarbeet production and sugar processing in Latvia

<table>
<thead>
<tr>
<th>Production years, October-September</th>
<th>Total volume of bought-in sugarbeets, t</th>
<th>Sugar extracted, thousand t</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>From sugarbeets</td>
</tr>
<tr>
<td>1991/92</td>
<td>341647</td>
<td>37.6</td>
</tr>
<tr>
<td>1992/93</td>
<td>338160</td>
<td>36.9</td>
</tr>
<tr>
<td>1993/94</td>
<td>182125</td>
<td>22.5</td>
</tr>
<tr>
<td>1994/95</td>
<td>136048</td>
<td>16.1</td>
</tr>
<tr>
<td>1995/96</td>
<td>243834</td>
<td>30.7</td>
</tr>
<tr>
<td>1996/97</td>
<td>223368</td>
<td>30.0</td>
</tr>
<tr>
<td>1997/98</td>
<td>349241</td>
<td>45.0</td>
</tr>
<tr>
<td>1998/99</td>
<td>534264</td>
<td>68.2</td>
</tr>
<tr>
<td>1999/2000</td>
<td>465000</td>
<td>64.6</td>
</tr>
</tbody>
</table>

Source: Sugar Association

Taking into account Latvia’s economic development rate, it is possible to forecast that the total sugar consumption in 3 years would increase by 11% and will reach 100 thousand t per year (41.7 kg of sugar per capita annually), including the domestic consumption 75-80 thousand t annually (31.2-33.3 kg of sugar per capita annually). The forecasted sugar consumption per capita corresponds to the average sugar consumption level in the European countries.

**Table 2**

Domestic sugar consumption in Latvia, thousand t

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>99.7</td>
<td>59.2</td>
<td>57.7</td>
<td>55.0</td>
<td>72.4</td>
<td>70.8</td>
<td>72.7</td>
<td>72.6</td>
<td></td>
</tr>
</tbody>
</table>

Source: The Central Statistical Bureau of Latvia

Sugarbeet processing capacities are concentrated in two factories. In order to increase the production volume, capacity concentration, increasing of the processing capacities and modernization is carried out.

The sugar factories are owned by private stock companies where the owners are farmers – sugarbeet producers, employees of the factories, legal entities – investors.

**Table 3**

Maximal processing capacities of the sugar factories, t/24 h

<table>
<thead>
<tr>
<th>Maximal processing capacities of the sugar factories, t/24 h</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
</tr>
<tr>
<td>Jelgava sugar factory</td>
</tr>
<tr>
<td>Liepāja sugar factory</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Source: According to the data of Jelgava sugar factory and Liepāja sugar factory

A realistic possibility to increase the current production capacity while the existing sugar factories are still in the process of increasing their production capacities, is the resuming of beet processing at Jēkabpils sugar factory suspended in 1999.
Table 4

Forecasted sugar yield, t/100 days

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jelgava sugar</td>
<td>38000</td>
<td>46000</td>
<td>49000</td>
<td>52000</td>
<td>54000</td>
<td>65000</td>
</tr>
<tr>
<td>factory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liepāja sugar</td>
<td>22000</td>
<td>26000</td>
<td>28000</td>
<td>29000</td>
<td>30500</td>
<td>35000</td>
</tr>
<tr>
<td>factory</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>60000</td>
<td>72000</td>
<td>77000</td>
<td>81000</td>
<td>84500</td>
<td>100000</td>
</tr>
</tbody>
</table>

Source: According to the data of Jelgava sugar factory and Liepāja sugar factory

To reach the quantitative objectives, sugarbeet production volumes should be increased by 300 thousand t and respectively processing capacities should be raised by 3 thousands t per 24 hours.

Sectoral policy and strategy

The following legal documents form the basis of the sectoral policy and strategy in Latvia:
- Law On Agriculture (24.10.1996);
- Development concept of agriculture (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme of agricultural development.

The basic policy and strategy objective of sugar sector is ensuring of a sustainable development promoting the integration of the sector into the EU Single Market at the same time.

The sectoral development strategy has been determined in accordance with the annual sugar consumption forecasts – 100 thousand t. It is focused on self-sufficiency with domestically produced sugar and productivity increase.

Currently, Latvia is working on implementation of the sugar CMO elements. In 2000, with the view of sugar market stabilization, A quota was fixed for sugar production.

In 2001, it is envisaged to work on B quota implementation by improving sugar intervention legislation, and to continue harmonization of CAP legislation in sugar sector.

Legal basis

- Law On Agriculture (24.10.1996);
- Law On Production and Distribution Chain of Foodstuffs (19.02.1998);
- Customs Law (11.06.1997);
- Law On Sugar (11.05.1993), (2038/99/EC);
- Regulations of the Cabinet of Ministers On white sugar (31.08.1998), (793/72/EEC);
- Regulations of the Cabinet of Ministers On determination of amounts of sugarbeet supplies in 2000 for sugarbeet producers (22.02.2000);
- Regulations of the Cabinet of Ministers On sugar market intervention (08.08.2000), (447/68/EEC).

By the end of 2002 the following legal acts will be adopted:
- Regulations of the Cabinet of Ministers On determination of amounts of sugarbeet supplies for sugarbeet producers for a longer period;
- Regulations of the Cabinet of Ministers Types of sugar production quotas and their allocation procedure for a longer period;
- Regulations of the Cabinet of Ministers On sugar market intervention for a longer period.
Administration structures

Currently, the following institutional system is in place providing for the administration of common market organization in sugar sector:

- **Ministry of Agriculture** – elaboration of policy and legislation, implementation of the EU acquis communautaire, development of sectoral strategy, representation of sectoral interests;
- **Rural Support Service (RSS)** – information processing on production indices, quota justification and defending. *Upon introduction of the EU CMO mechanism for sugar, the RSS will carry out the following functions:*  
  - administration of payments;
  - issue of import/export licenses.
- **Agricultural market Intervention Agency** – administration and implementation of intervention measures;
- **Latvian Market Promotion Centre of the Latvian State Institute of Agrarian Economics** – collection and summary of import and domestic prices. *Upon introduction of the EU CMO mechanism for sugar, the Centre will carry out the communication of prices to the European Commission.*
- **Sugar Association** - representation of interests of sugarbeet producers and processors, information collection and summarizing.

Administration of common market organization for sugar in Latvia will be fully operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of common market organization in sugar sector as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

<table>
<thead>
<tr>
<th>Latvia requests sugar production quota in the amount of 110 thousand t, including 100 thousand t of A quota and 10 thousand t of B quota that makes 10% of the A quota amount, in accordance to Annex of Article 27 (3) of the Commission Regulation 2038/99/EC.</th>
</tr>
</thead>
</table>

**Justification of the position**

Domestic consumption of sugar as from 1996, in the average, amounts to 70 thousand t annually (29 kg of sugar per capita). Additionally, 15 - 20 thousand t of sugar is used annually in production of sugar containing products (basically sugar confectionery). Temporarily the industrial sugar consumption is covered by imported sugar, as it is not possible to apply the price compensatory mechanism in the current situation. The problem can be solved by aligning the legislation in sugar sector and harmonizing the legislation in respect of the EU common market organization for sugar. Assessing the quantity of processed sugar, the total annual consumption is 90 thousand t (37.5 kg of sugar per capita). In 1999, Latvia imported 9480 t of sugar in the form of foodstuffs and exported 7016 t.

The growth of sugar production volume could be achieved if Latvia had a possibility to export sugar to its adjacent countries. As sugar industry does not exist in Estonia and in case Estonia resumes sugarbeet growing, the Latvian sugar factories are ready to process their sugarbeets.

Due to uncoordinated mechanisms of sugar market organization, the processing establishments using sugar of the local origin are placed in unequal competition conditions, since the mid 90-ies if compared to the EU sugar production establishments. The unequal market conditions are one of the major reasons why the processing establishments, using Latvian origin sugar, were not able to base their production on the domestic sugar only, thus reducing domestic sugar demand and outlet.
Due to the above reasons, Latvia renounces the raw sugar processing quota on the condition that sugarbeet sugar production quota requested above is supported and accepted. Starting-up of raw sugar processing is possible as an alternative in one of Latvian sugar factories.

4. Olive oil and fibre plants

a) Olive oil

Situation in the sector

Due to the climatic conditions, growing of olives in Latvia is impossible.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of olive sector as well as assume responsibilities of a Member State as from the date of accession to the EU.

b) Silkworms

Situation in the sector

Due to the climatic conditions production of silkworm in Latvia is impossible. Latvia does not import silkworms and silkworm eggs.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of silkworms sector as well as assume responsibilities of a Member State as from the date of accession to the EU.

c) Isoglucose

Situation in the sector

There is no industrial production of isoglucose in Latvia.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of isoglucose sector as well as assume responsibilities of a Member State as from the date of accession to the EU.

d) Cotton

Situation in the sector

Due to climatic conditions growing of cotton in Latvia is impossible. There is no cotton processing establishment either.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of cotton sector as well as assume responsibilities of a Member State as from the date of accession to the EU.
e) Flax and hemp

Situation in the sector

Flax sector is very important for Latvia, since it is the basic agricultural crop grown in Latgale region where are the most suitable climatic and soil conditions. Flax production has deep-rooted traditions in Latvia. There is a complete flax production chain developed in Latvia: starting with the producer and up to the end-user. As from 1993, due to liberalization of agricultural market, flax production volumes decreased. That worsened the utilization of flax processing capacities and reduced the total efficiency of the sector. Since 1994, when flax production aid was introduced, flax production volumes show a growth trend. In 2000, areas under flax were 1580 ha. 85 - 90% of flax products are exported, having proved to be competitive on the EU market.

Varieties bred at foreign breeding centres are grown in Latvia but currently, there is a vast, genetically diverse collection of long fibre flax and linseeds developed in Latvia, which is a valuable flax breeding material. The varieties cultivated currently in Latvia are Belinka, Ariane, Viking, Laura, Elise, Evelin, Nastasia and Escalina. Flax production is concentrated on competitive farms with large sown areas of flax. It resulted in increased productivity, the total yield of flax straws and improved quality as flax growing is carried out professionally.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total sown areas of flax, thousand ha</th>
<th>Total yield of flax fibre, thousand t</th>
<th>Average productivity of flax fibre per ha, t</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>11.9</td>
<td>3.0</td>
<td>0.25</td>
</tr>
<tr>
<td>1991</td>
<td>8.8</td>
<td>3.6</td>
<td>0.41</td>
</tr>
<tr>
<td>1992</td>
<td>7.6</td>
<td>1.4</td>
<td>0.19</td>
</tr>
<tr>
<td>1993</td>
<td>0.6</td>
<td>0.1</td>
<td>0.11</td>
</tr>
<tr>
<td>1994</td>
<td>1.5</td>
<td>0.4</td>
<td>0.26</td>
</tr>
<tr>
<td>1995</td>
<td>1.4</td>
<td>0.8</td>
<td>0.55</td>
</tr>
<tr>
<td>1996</td>
<td>1.3</td>
<td>0.8</td>
<td>0.59</td>
</tr>
<tr>
<td>1997</td>
<td>1.6</td>
<td>1.0</td>
<td>0.62</td>
</tr>
<tr>
<td>1998</td>
<td>2.2</td>
<td>1.3</td>
<td>0.62</td>
</tr>
<tr>
<td>1999</td>
<td>2.0</td>
<td>2.1</td>
<td>1.06</td>
</tr>
</tbody>
</table>

Source: The Central Statistical Bureau of Latvia

The flax-growers who have concluded contracts with the flax pre-treatment establishments for supply of retted flax straws, receive the State subsidies. There is a scientific research carried out in Latvia on flax growing technologies as well as studies of a full utilization possibilities, applying wasteless technology. Hemp growing for fibre purposes is not currently popular in Latvia, as hemp processing and harvesting machinery cause problems. Hemp is grown in household plots for seed harvesting purpose. Scientists carry out research with the view of improving hemp cultivation technology for industrial processing purposes.

Currently, farmers do not receive subsidies for hemp growing.

State aid

The State aid to flax sector development in the form of subsidies is allocated since 1996 by an annual decree of the Ministry of Agriculture “On support to manufacturing of products complying with the EU quality requirements”. Payment of the subsidies is divided into parts:
- for sown areas;
- for flax straws supplied.
Sectoral policy and strategy

The following legal documents form the basis of the sectoral policy and strategy in Latvia:

- Law On Agriculture (24.10.1996);
- Development concept of agriculture (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme of agricultural development.

The sector has set up the objective to develop the flax industry into a sector with a stable production, processing and distribution system, satisfying the demand for flax products on the domestic market and manufacturing high quality competitive products for exports. Currently, the development is focused on increasing of sown areas and quality improvement. As from 2001, the flax sector will be supported from the EU SAPARD resources under the Latvian Rural Development Plan in accordance to the following sub-programme:

- The Integrated Rural Development.

Legal basis

- Law On Agriculture (24.10.1996);
- Law On Payments to Producers of Unprocessed Agricultural Products (02.11.1995), (620/71/EEC);
- Customs Law (11.06.1997);
- Regulations of the Cabinet of Ministers On procedures permitting hemp growing (15.10.1996).

Administrative structure

Currently the following institutional system is in place ensuring administration of common market organization in flax sector:

- The Ministry of Agriculture – elaboration of policy and legislation, Implementation of the EU acquis communautaire, development of sectoral strategy;
- The Rural Support Service (RSS) – aid allocation, control. Upon introduction of the EU CMO mechanism for flax, the RSS will administrate the EU payments.
- The Latvian Market Promotion Centre of the Latvian State Institute of Agrarian Economics – collection and summary of import and domestic prices. Upon introduction of the EU CMO mechanism for flax, the Centre will carry out the communication of prices to the European Commission.
- The Flax Association - information collection and educational activities.

Administration of common market organization for flax in Latvia will be fully operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of common market organization in flax and hemp sector as well as assume responsibilities of a Member State as from the date of accession to the EU.

The EU legal act:
Commission Regulation 1673/2000/EC on the Common organization of the Markets in flax and hemp grown for fibre

Latvia requests the aid payments for 5000 t of flax fibre, including 1500 t of long fibre and 3500 t of short fibre flax, according to Articles 3 (1) and 3 (2) of the Regulation.
**Justification of the position**
Stabilization of the flax sector would facilitate the development of Latgale region, which has been recognized on the European level as a depressed area, and tackle social problems faced by the population there. Currently, the sector employs about 1000 people and during the season 6000 more. Increasing flax production volumes, the number of new jobs will increase – in the industry up to 2000 jobs and during the season up to 2500 jobs. There are more than 178 thousand ha of land suitable for flax growing which, by applying 6 field crop rotation, would allow to lay out about 30 thousand flax sowings. It means that Latvian farmers can provide land areas suitable for flax cultivation.

**The planned growth of flax sowings**

<table>
<thead>
<tr>
<th>District</th>
<th>2001, ha</th>
<th>2002, ha</th>
<th>2003, ha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rēzekne</td>
<td>700</td>
<td>950</td>
<td>1000</td>
</tr>
<tr>
<td>Valmieras</td>
<td>300</td>
<td>500</td>
<td>800</td>
</tr>
<tr>
<td>Ludzas</td>
<td>700</td>
<td>950</td>
<td>1000</td>
</tr>
<tr>
<td>Bālu</td>
<td>200</td>
<td>400</td>
<td>700</td>
</tr>
<tr>
<td>Krāslavas</td>
<td>700</td>
<td>900</td>
<td>1000</td>
</tr>
<tr>
<td>Preiļu</td>
<td>200</td>
<td>300</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2800</strong></td>
<td><strong>4000</strong></td>
<td><strong>5000</strong></td>
</tr>
</tbody>
</table>

*Source: The Latgale Development Agency*

Currently, there are four operating flax pretreatment factories and two flax processing factories are undergoing privatization, which have not resumed operation due to shortage of raw material. The pretreatment establishments do not need considerable investments to start the treatment of 5000 t of flax.

Capacities of the pretreatment factories are not fully utilized. Locally produced raw material satisfies the needs for 30% but the need for raw material – treated fibre, necessary for the Jelgava flax mill, the domestic producers can satisfy only within the limits of 15%.

**5. Fruits and vegetables**

**Situation in the sector**

Horticulture is a perspective sector in Latvia thanks to favourable climatic conditions. The volumes of fruits and vegetables produced in Latvia cannot satisfy the demand of Latvian market. The domestic consumption of these products amounts to about 207 thousand t of vegetables and 160 thousand t of fruits and berries. In 1999, domestically produced vegetables constituted only 63% of a desirable consumption but fruits and berries – only 29%. In 1999, the yield of fruits and berries was 43.2 thousand t and vegetables – 127.2 thousand t.

Proportion of horticulture products in the total structure of agricultural output in 1999 was 5.7% of vegetables and 3.2% of fruits and berries (according to Economic Accounts of Agriculture) or 26.5 mi EUR.

The total planted area of fruits and vegetables in 1999 was 22 179 ha (see Tables 1 and 2).
Table 1

Production of vegetables on all types of farms, 1995-1999

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Field areas, Thousand ha</strong></td>
<td>17.5</td>
<td>15.7</td>
<td>13.4</td>
<td>11.5</td>
<td>9.8</td>
</tr>
<tr>
<td><strong>Total yield, thousand t</strong></td>
<td>223.7</td>
<td>179.5</td>
<td>162.5</td>
<td>119.6</td>
<td>123.2</td>
</tr>
<tr>
<td><strong>Productivity, quintal/ha</strong></td>
<td>122.0</td>
<td>108.0</td>
<td>114.0</td>
<td>99.1</td>
<td>125.8</td>
</tr>
<tr>
<td><strong>Covered areas, ha</strong></td>
<td>103.1</td>
<td>212.0</td>
<td>93.7</td>
<td>73.3</td>
<td>81.6</td>
</tr>
<tr>
<td><strong>Total yield, thousand t</strong></td>
<td>2.5</td>
<td>9.5</td>
<td>9.4</td>
<td>5.2</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Productivity, kg/m²</strong></td>
<td>2.4</td>
<td>4.5</td>
<td>10.0</td>
<td>7.1</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Source: The Latvia Central Statistical Bureau

The products consumed in a fresh way are grown mainly on covered areas – tomatoes, cucumbers, lettuce, spring onions and garden radish. Such vegetables as cabbage, carrots, beets, cucumbers and onions are field grown on areas.

Structural fluctuations of a vegetable crop have a considerable impact on productivity of vegetables and the total yield indices. Since the mid 90-ies, as production costs on covered areas were increasing, their production intensity dropped thus the total yield of the covered areas also reduced. From 1999, the productivity and the total yield on both covered areas and field areas are showing an upward trend.

Table 2

Production of fruits and berries on all types of farms, 1995-1999

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Areas, thousand ha</strong></td>
<td>29.3</td>
<td>16.2</td>
<td>15.8</td>
<td>12.7</td>
<td>12.3</td>
</tr>
<tr>
<td>Including pome fruits</td>
<td>25.5</td>
<td>11.9</td>
<td>11.8</td>
<td>9.1</td>
<td>8.9</td>
</tr>
<tr>
<td>stone fruits</td>
<td>2.0</td>
<td>2.5</td>
<td>2.2</td>
<td>2.1</td>
<td>1.7</td>
</tr>
<tr>
<td>berries</td>
<td>1.8</td>
<td>1.7</td>
<td>1.8</td>
<td>1.5</td>
<td>1.7</td>
</tr>
<tr>
<td><strong>Total yield, thousand t</strong></td>
<td>76.8</td>
<td>30.8</td>
<td>105.0</td>
<td>28.1</td>
<td>45.5</td>
</tr>
<tr>
<td>Including pome fruits</td>
<td>63.2</td>
<td>16.0</td>
<td>87.6</td>
<td>15.2</td>
<td>35.6</td>
</tr>
<tr>
<td>stone fruits</td>
<td>4.6</td>
<td>4.7</td>
<td>5.5</td>
<td>3.9</td>
<td>3.3</td>
</tr>
<tr>
<td>berries</td>
<td>9.0</td>
<td>10.2</td>
<td>11.9</td>
<td>9.0</td>
<td>6.6</td>
</tr>
<tr>
<td><strong>Productivity, quintal/ha</strong></td>
<td>34.4</td>
<td>24.4</td>
<td>78.3</td>
<td>22.2</td>
<td>37.0</td>
</tr>
<tr>
<td>Including pome fruits</td>
<td>32.6</td>
<td>17.5</td>
<td>74.0</td>
<td>18.4</td>
<td>27.6</td>
</tr>
<tr>
<td>stone fruits</td>
<td>31.8</td>
<td>24.1</td>
<td>24.5</td>
<td>19.0</td>
<td>19.4</td>
</tr>
<tr>
<td>berries</td>
<td>59.3</td>
<td>65.4</td>
<td>68.3</td>
<td>47.0</td>
<td>33.0</td>
</tr>
</tbody>
</table>

Source: The Latvian Central Statistical Bureau

Areas under fruit trees and bush fruits recorded in the period analysed are very variable. They changed considerably during the last four years due to grubbing up of the old extensive plantings and laying out of new intensive plantings. The most of intensive plantings were laid out in the mid 90-ies and the first harvest is expected only in 4 – 6 years, this explains reduction of the total yield. Nevertheless in 1999, a certain growth of the total yield was observed with an upward trend.

Producers of vegetables and fruits in Latvia are basically family farms, household farms and individual subsidiary plots as well as the State farms and statutory societies (see figure 1)
Vegetables, fruits and berries produced in Latvia are basically marketed on the domestic market. Export volumes of fresh vegetables in 1999 was 0.46% but that of fresh fruits – 0.89% of the total production volume. The basic export commodities are mushrooms and wild berries.

There are 26 processing establishments for fruits and vegetables in Latvia, 5 - 6 of them are processing 80% of all vegetables and fruits.

**Table 3**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Canned fruits and vegetables (including mushrooms, thousand t)</td>
<td>7.8</td>
<td>9.9</td>
<td>10.0</td>
<td>8.2</td>
</tr>
<tr>
<td>Juices, thousand dl</td>
<td>46.7</td>
<td>59.8</td>
<td>54.3</td>
<td>30.1*</td>
</tr>
</tbody>
</table>

*marketed amount

Source: The Latvian State Institute of Agrarian Economics

Currently, there are 4 producer associations in the sector of vegetables and fruits in Latvia:
- The Latvian Fruit Growers’ Association;
- The Association “Latvijas Dārznieks”;
- The Association “Kurzemes dārza ogas”;
- The Latvian Cranberry Growers’ Association.

**The State aid**

The State aid to the development of vegetable and fruit production is allocated in the form subsidies since 1996 in accordance to the annual decree by the Ministry of Agriculture “On the State support to manufacturing of products complying with the EU requirements”.

The major directions of the aid to production of vegetables and fruits within this programme are as follows:
- Laying out of productive perennial plantings;
- Aid to vegetables cultivated in glasshouses;
- Market development for fruits, berries and vegetables.
Sectoral policy and strategy

The following legal documents form the basis of the sectoral policy and strategy in Latvia:

- Law On Agriculture (24.10.1996);
- Development concept of agriculture (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme of agricultural development.

The sector has set up a future development objective to ensure a self-sufficiency with domestically produced vegetables and fruits in the country.

Fruit and vegetable production has been recognized as the sectors of agriculture with a high potential to increase production volumes, manufacturing of competitive products for internal as well as external markets.

As from 2001, modernization of fruit and vegetable processing will be supported from the EU SAPARD resources under the Latvian Rural Development Plan in accordance to the following sub-programmes:

- “Modernization of agricultural machinery, equipment and buildings”;
- “Improvement of processing and marketing of agricultural and fisheries products”.

Currently Latvia is working at implementation of the CMO elements in the sector of vegetables and fruits. It is envisaged to continue the development of producer organizations in the sector in 2001 as well as to proceed with the harmonization of the EU Common Agricultural Policy in the sector of vegetables and fruits.

Legal basis

- Law On Agriculture (24.10.1996);
- Customs Law (11.06.1997);
- The quality standards for fresh fruit and vegetables of the Republic of Latvia (Annex 3). These standards are in force from December 1999. Currently, the standards are voluntary and allow the producers to get prepared for new requirements. In 2002, these standards will be made compulsory on all marketing stages both in retail system of the domestic market and in respect of import/export products.

By the end of 2002 the following legal act will be adopted:

- Regulations of the Cabinet of Ministers On producers’ organizations.

Administrative structure

Currently the following institutional system is in place ensuring administration of common market organization in the sector of fruits and vegetables:

- The Ministry of Agriculture – elaboration of policy and legislation, Implementation of the EU acquis communautaire, development of sectoral strategy, representation of sectoral interests;
- The Rural Support Service (RSS) – administration of the State aid.
  On implementation of the EU CMO mechanism for fruits and vegetables, the RSS will
  ➢ administrate the payments;
  ➢ issue of import/export licenses;
  ➢ approval and assessment of action programmes of producer organizations;
- The Agricultural market Intervention Agency – upon introduction of the CMO mechanism for fruits and vegetables, the Agency will carry out administration of intervention measures;
- The State Quality Control Service for Plant Products – quality control on domestic market;
- The Sanitary Border Inspection – quality control at the customs control posts;
- The Latvian Market Promotion Centre of the Latvian State Institute of Agrarian Economics – collection and summary of import and domestic prices.

Upon introduction of the EU CMO mechanism for fruits and vegetables, the Centre will carry out the communication of prices to the European Commission.
Administration of common market organization for fruits and vegetables in Latvia will be fully operational as from the date of accession to the EU.

a) Fresh fruits and vegetables

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of common market organization for fruits and vegetables as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

<table>
<thead>
<tr>
<th>1. The size of producer organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The EU legal act:</strong></td>
</tr>
<tr>
<td>Latvia requests to determine a minimal number of producers and a minimal amount of marketed products necessary for approval of the producer organization: 10 members and a minimal amount of marketed products 0.25 mi EUR/year, or 5 members and a minimal amount of marketed products 0.5 mi EUR/year, taking into account the procedure of introducing amendments provided by the EU legislation.</td>
</tr>
</tbody>
</table>

**Justification of the position**

Family farms, household farms and private subsidiary plots together are producing now 98% of field vegetables and 92.3% of fruits and berries. Their amount of marketed products varies from 1500 EUR to 33 500 EUR.

Currently, the producer organizations in the sector of fruits and vegetables complying with the Commission Regulation (EC) No 412/97 do not exist in Latvia. There are 4 producer organizations, which will form in the future such organizations as provided by the EU legislation.

As Latvia is not a large country and the production volumes are limited, it is not possible to merge 40 producers in one organization as well as it is not possible to yield marketable products in the amount of 1.5 mi EUR.

<table>
<thead>
<tr>
<th>2. Changes in the amounts of aid</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The EU legal act:</strong></td>
</tr>
<tr>
<td>Latvia requests to fix the aid to the formation of producer organizations during 5 transition years respectively 10%, 10%, 8%, 6% and 4% until recognition of producer organizations.</td>
</tr>
</tbody>
</table>

**Justification of the position**

Currently, there are no producer organizations dealing with marketing of products. The basic factor facilitating the development of producer organizations is the possibility to receive aid, which can help to solve problems with the marketing of products manufactured by members of the producer organization.
3. Quality standards for apples

The EU legal act:

Latvia requests to enlist the following varieties of apples produced in Latvia into Annex III of the Commission Regulation (EEC) No 920/89, taking into account the procedure of introducing amendments provided by the EU legislation.

Group A – pink varieties – 'Lawfam'.


Group C – lightly coloured and streaky varieties - 'Koričnoje Novoje', 'Tiina', 'Rudens Svirtrainais', 'Melba', 'Doč Melbi', 'Wealthy', 'Ziguljovskoje'.

Latvia requests to enlist the following varieties of apples and pears produced in Latvia among the large-fruited varieties, taking into account the procedure of introducing amendments provided by the EU legislation:


for pears – 'Mramornaja', 'Desertnaja', 'Rosoľanskaja', 'Dina', 'Klapa Milule', 'Vasarine Sviestine'.

Justification of the position
90% of the varieties of apples and pears produced in Latvia have been derived from varieties bred in Latvia and the nearest neighbourhood. It is due to the fact that varieties bred in most EU Member States are not sufficiently frost resistant for Latvian winters where the temperature can reach –30 to -35°C.

4. Quality standards for plums

The EU legal act:

Latvia requests to enlist the following varieties of plums produced in Latvia into Annex of the Commission Regulation(EC) No 1168/1999, taking into account the procedure of introducing amendments provided by the EU legislation – “Ave”, “Rausve”, “Vengerka Kupnoplodnaja”.

Justification of the position
90% of the varieties of plums produced in Latvia have been derived from varieties bred in Latvia and the nearest neighbourhood. It is due to the fact that varieties bred in most EU Member States are not sufficiently frost resistant for Latvian winters where the temperature can reach –30 to -35°C.

b) Processed fruits and vegetables

Situation in the sector

Latvia does not process products entitled to the EU aid. The major products bought-in for processing are cabbages, beets, horse radish and cucumbers but from fruits and berries – apples, strawberries and black currants.
Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of processed fruits and vegetables as well as assume responsibilities of a Member State as from the date of accession to the EU.

6. Wine and alcohol

Situation in the sector

Currently, grapes are not grown for industrial processing in Latvia and thus, wine is not produced from grapes. Latvia uses imported wine material for production of wines but some small producers are showing interest in cultivation of vines and grape processing in small volumes for domestic consumption.

There are fermented alcoholic beverages produced on the basis of fruits and berries for domestic consumption, which Latvian consumers traditionally call as wines.

The total number of establishments involved in the production of alcoholic beverages is 22, including four establishments can be considered as large-size plants producing alcoholic beverages (with a monthly production capacity of 15 000 – 25 000 hectolitres).

As there are no vineyards in Latvia where grapes for industrial processing, including wine production, can be grown, issues on subsidy systems, price control and intervention mechanisms are not important. Producers of wines and alcoholic beverages in Latvia do not benefit from subsidies or any other type of support.

Legal basis

- Law On Production and Distribution Chain of Alcohol (14.10.1998);
- Law On Excise Tax for Alcoholic Beverages (29.10.1998);
- Law On Customs Tariffs. Annex 1. (29.09.1994);
- Regulations of the Cabinet of Ministers No 251 On application procedure of specific governing production and distribution chain of alcohol (13.07.1999);
- Regulations of the Cabinet of Ministers No 34 On marking rules for alcoholic beverages (25.01.2000).

By the end of 2000, the following Regulations of the Cabinet of Ministers will be adopted:


By the end of 2001, the following Regulations of the Cabinet of Ministers will be adopted:

- Regulations of the Cabinet of Ministers On sparkling wines (1493/1999/EEC);
- Regulations of the Cabinet of Ministers On wine (1493/1999/EEC).

Administrative structure

Currently the following institutional system is in place ensuring administration of common market organization in wine and alcohol sector:

- **The Ministry of Agriculture** – implementation of the EU *acquis communautaire* in respect of the following issues:
  - Production potential;
  - Market mechanisms;
  - Oenology practice and processes;
  - Signatures;
  - Presentation.

- **The Ministry of Finance** - implementation of the EU *acquis communautaire* in respect of the following issues:
  - Trade with third countries;
  - Definitions of the alcohol strength.
The Ministry of Welfare – implementation of the EU *acquis communautaire* in respect of the following issues:

- Methods of analysis of wine and alcohol;
- Safety requirements in respect of spirit and alcoholic beverages, including definitions and marking.

The Rural Support Service (RSS) – upon introduction of CMO mechanism in wine sector, the RSS will carry out administration of the EU aid;

The Sanitary Inspection of the Ministry of Welfare – the State surveillance and control of wine and alcoholic beverages, including checks of their marking, safety and quality;

The State Revenue Service – surveillance and control of alcohol production and distribution chain;

Laboratories, accredited according to LVS EN 45001 – testing of wine and alcohol;

The Latvia Certification Centre of the Ministry of Welfare – certification of alcoholic beverages.

Administration systems of common market organization in wine and alcohol sector in Latvia will be fully operational as from the date of accession to the EU.

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of common market organization in wine and alcohol sector as well as assume responsibilities of a Member State as from the date of accession, excluding the following items where Latvia deems necessary to continue negotiations:


   Latvia requests to enlist into Annex II of the Regulation No 1576/89 the following alcoholic beverages produced in Latvia, taking into account their geographical origin:
   - Rīgas melnais Balzāms/Riga Black Balsam;
   - Latvijas Dzidrais;
   - Rīgas degvīns;
   - LB degvīns/LB vodka;
   - Allažu Ķimelis.


   Latvia requests to supplement Article 4(1) of the Regulation No 1576/89 with the following definition:
   “Balsam – manufactured from extracts of plant origin by adding balsam oils, other biologically active substances and ingredients; concentration of ethylalcohol no less than 40% vol.”.

**Justification of the position**

The plant “Latvijas balzāms” is the single establishment in the world manufacturing a unique “Riga Black Balsam” (in average 550 000 litres annually) that is a spirit based alcoholic beverage consisting of 24 natural ingredients. Proofs found in archives confirm that manufacturing of the balsam dates back to the mid 18th century. In the course of time “Riga Black Balsam” turned into a traditionally national alcoholic beverage in Latvia widely known also over the borders of Latvia, witnessed by a number of golden and silver medals and Honour Diplomas (more than 30 awards in total).
7. Bananas, tobacco, seeds, hops and other special crops

a) Bananas

Situation in the sector

Due to climatic conditions, growing of bananas is impossible in Latvia. Concerning products, which the regime of common market organization applies to, Latvia is importing fresh and dried bananas products.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount, tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>17 117</td>
</tr>
<tr>
<td>1996</td>
<td>16 877</td>
</tr>
<tr>
<td>1997</td>
<td>17 261</td>
</tr>
<tr>
<td>1998</td>
<td>16 166</td>
</tr>
<tr>
<td>1999</td>
<td>17 262</td>
</tr>
</tbody>
</table>

Source: The Latvian Central Statistical Bureau

Administrative structure

Currently the following institutional system is in place ensuring administration of common market organization in the sector of bananas:

- The Ministry of Agriculture – elaboration of legislation, implementation of the EU acquis communautaire;
- The Rural Support Service (RSS) - upon introduction of the EU CMO mechanism for bananas the RSS will administrate the issue of licenses;
- The State Quality Control Service for Plant Products – quality control on domestic market;
- The Sanitary Border Inspection – quality control at the customs control posts;
- The Latvian Market Promotion Centre of the Latvian State Institute of Agrarian Economics – collection and summary of import and export prices. Upon introduction of the EU CMO mechanism for bananas, the Centre will carry out the communication of prices to the European Commission.

Administration of common market organization in the sector of bananas in Latvia will be fully operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of common market organization in the sector of bananas as well as assume responsibilities of a Member State as from the date of accession to the EU.

b) Hops

Climatic conditions in Latvia are suitable for growing of hops nevertheless this sector currently is underdeveloped as industrial processing of hops causes problems. Hops are not cultivated for industrial processing in Latvia. There are 9 large-size breweries in Latvia, which import hop extract.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of common market organization in the sector of hops as well as assume responsibilities of a Member State as from the date of accession to the EU.
c) Untreated tobacco

Situation in the sector

Due to climatic conditions, growing of tobacco for industrial processing is impossible in Latvia. There are two tobacco manufacturing establishments in Latvia, working with imported raw material. Specific import quotas for tobacco do not exist in Latvia.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of common market organization in the sector of tobacco as well as assume responsibilities of a Member State as from the date of accession to the EU.

d) Seeds

Situation in the sector

In 1999, 53 thousand t of certified seeds were produced in Latvia that makes 83% comparing with 1998.

In Latvia, seeds of agricultural crops are produced by approximately 600 seed producers who are producing, preparing and marketing seeds themselves. There are no large seed preparation establishments using new, special material and technical basis in Latvia. The basic part of equipment is obsolete and technically worn-out. Seed production on contracts basis is not widely-spread. There are several developing seed companies, which are importing seeds and contracting Latvian seed producers for production of necessary crops and varieties.

In 1999, imports of seeds to Latvia constituted 323 t of cereals, 124 t of potatoes and 180,5 t of certified cereal grasses and papilionaceous plants. These seeds were imported mainly from the Netherlands, Germany and Denmark. Latvia does not export seeds of species which EU support scheme applies to.

In 1998, the Seed Growers Association was founded where seed growers can receive information on the demand and supplies of seeds.

The State aid

The State aid to the development of production has been allocated in the form of subsidies since 1996 in accordance to the annual decree of the Ministry of Agriculture “On the State aid to manufacturing of products conforming to the EU quality requirements”.

The major directions of the aid within this programme are as follows:

- For certified seed material marketed;
- Strengthening of material and technical basis of seed production.

The sectoral policy and strategy

The following legal documents form the basis of the sectoral policy and strategy in Latvia:

- Law On Agriculture (24.10.1996);
- Development concept of agriculture (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme of agricultural development.

The future development objective has been set in the sector to ensure a sustainable development of the seed production sector, by producing competitive products, to supply the seeds of cereals, fodder crop and potato seeds widely spread in Latvia to the domestic market.
Legal basis


By the end of 2000 the following legal acts will be adopted:

- Regulations of the Cabinet of Ministers on growing and marketing of seed potatoes (submitted to the Cabinet of Ministers), (66/403/EEC; 89/14/EEC);
- Regulations of the Cabinet of Ministers on growing and marketing of beet seeds (submitted to the Cabinet of Ministers), (66/400/EEC);
- Regulations of the Cabinet of Ministers on growing and marketing of feed crop seeds (66/401/EEC);
- Regulations of the Cabinet of Ministers on growing and marketing of seeds of oil plants and fibre plants (69/208/EEC);
- Regulations of the Cabinet of Ministers on growing and marketing of seed potatoes and propagation material of fruit plants (92/34/EEC; 93/48/EEC; 93/64/EEC; 93/79/EEC);
- Regulations of the Cabinet of Ministers on growing and marketing of planting and propagation material of vegetables (92/33/EEC; 93/61/EEC; 93/62/EEC);
- Regulations of the Cabinet of Ministers on growing and marketing of planting and propagation material of ornamental plants (93/49/EEC; 93/63/EEC; 93/78/EEC; 98/56/EEC).

Administrative structure

Currently the following institutional system is in place ensuring administration of common market organization in the sector of seeds:

- The Ministry of Agriculture – elaboration of policy and legislation, implementation of EU acquis communautaire, development of sectoral strategy, representation of sectoral interests;
- The Rural Support Service (RSS) – upon introduction of the EU CMO mechanism for seeds, the RSS will administrate the direct payments;
- The State Plant Protection Service – checks on seeds material and registration of seed producers, seed processors and seed traders.

Administration of common market organization for seeds in Latvia will be fully operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of common market organization in the sector of seeds as well as assume responsibilities of a Member State as from the date of accession to the EU.

e) Flowers and live plants

Situation in the sector

Production of ornamental trees, bushes, cut flowers and pot plants does not satisfy the demand for these products in Latvia therefore, a great number of fresh flowers and ornamental plants consumed in Latvia are imported.
Administrative structure

Currently the following institutional system is in place ensuring administration of common market organization in the sector of flowers and live plants:

- **The Ministry of Agriculture** – elaboration of policy and legislation, implementation of the EU **acquis communautaire**;
- **The Rural Support Service (RSS)** – on implementation of the EU CMO mechanism for flowers and live plants, the RSS will issue licenses;
- **The State Quality Control Service for Plant Products** - quality control of products on the domestic market;
- **The Sanitary Border Inspection** – quality control at the customs posts;

Administration of common market organization in the sector of flowers and live plants in Latvia will be fully operational as from the date of accession to the EU.

Position of Latvia

| Latvia will implement in full the **acquis communautaire** in the area of flowers and live plants as well as assume responsibilities of a Member State as from the date of accession to the EU. |

8. Milk and dairy products

Situation in sector

Dairy farming is one of the priority branches in Latvia’s agriculture. There are favourable climate and soil conditions for the development of this branch. Moreover, dairy farming employs more people than any other agricultural branch. The milk processing has well established traditions in the manufacturing of the dairy products, which are present also outside Latvia’s market i.e. in the EU Member states, the Baltic states, the CIS and other.

<table>
<thead>
<tr>
<th>Table 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic Indicators of the Dairy Farming 1995 – 1999</strong></td>
</tr>
<tr>
<td>Share of milk production in the total agricultural output, %</td>
</tr>
<tr>
<td>Share of milk processing in the total agricultural processing, %</td>
</tr>
<tr>
<td>Export of dairy products, million EUR</td>
</tr>
<tr>
<td>Import of dairy products, million EUR</td>
</tr>
<tr>
<td>Share of dairy products in the total agricultural and food export (HS headings 1-24), %</td>
</tr>
<tr>
<td>* for export and import: including casein and dairy products for animal feeding</td>
</tr>
</tbody>
</table>

Source: The Latvian Central Statistical Bureau

Production

Following the transition to the market economy in agricultural sector at the beginning of 1990’s, the output of both dairy farming and milk processing sharply decreased. During this period the number of milking cows decreased by 62% and the milk production by 58%. 1997 was characterised by some growth trends, however positive development was interrupted by the financial crisis in Russia. Yet the consequences of this crisis become most acute in 1999 when due to the shrinking Russian market production had to be reoriented to the requirements of EU market.
Table 2

Trends in milk production 1990 – 1999

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Number of</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cows</td>
<td>535.1</td>
<td>531.4</td>
<td>481.7</td>
<td>351</td>
<td>311.9</td>
<td>291.9</td>
<td>274.6</td>
<td>262.8</td>
<td>242.1</td>
<td>205.6</td>
</tr>
<tr>
<td>(thous., year end)</td>
<td></td>
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<td>Indicators</td>
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<tr>
<td>of milk</td>
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<tr>
<td>production</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- average</td>
<td>3437</td>
<td>3205</td>
<td>2793</td>
<td>2471</td>
<td>2923</td>
<td>3074</td>
<td>3237</td>
<td>3585</td>
<td>3733</td>
<td>3754</td>
</tr>
<tr>
<td>milk yield</td>
<td>(kg, year end)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- total milk</td>
<td>1891.9</td>
<td>1739.2</td>
<td>1476.4</td>
<td>1155.7</td>
<td>999.6</td>
<td>943.9</td>
<td>920.6</td>
<td>985.8</td>
<td>948.1</td>
<td>797.0</td>
</tr>
<tr>
<td>production</td>
<td>(thousand tons)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- processed</td>
<td>85.2</td>
<td>76.6</td>
<td>63.2</td>
<td>49.5</td>
<td>37.1</td>
<td>34.1</td>
<td>39.2</td>
<td>36.7</td>
<td>48.9</td>
<td>48.8</td>
</tr>
<tr>
<td>milk (% from</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td>production)</td>
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</tr>
</tbody>
</table>

Source: Union of Latvian Dairy Farmers, The Latvian Central Statistical Bureau

The share of processed milk in the total production was 85% in 1990 and only little more than 48% in 1998-1999. Nevertheless the situation is improving since the share of processed milk used to be even smaller – 34-36% in 1994 and 1995.

As regards the structure of milk production, during last 4-5 years there is a decrease in the number of the small holdings (1-5 cows) with a corresponding growth in the number of larger holdings (10-199 cows). This trend indicates that by improving the structure of production, the productivity of cows and quality of milk will increase.

Table 3

Structure of milk production

<table>
<thead>
<tr>
<th>Number of cows in holding</th>
<th>1997.01.01</th>
<th>1998.01.01</th>
<th>1999.01.01</th>
<th>2000.01.01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holdings with corresponding number of milking cows</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>number</td>
<td>%</td>
<td>number</td>
<td>%</td>
<td>number</td>
</tr>
<tr>
<td>Total 116723</td>
<td>100</td>
<td>274554</td>
<td>100</td>
<td>108725</td>
</tr>
<tr>
<td>1-5 113143</td>
<td>96.9</td>
<td>193899</td>
<td>70.8</td>
<td>104472</td>
</tr>
<tr>
<td>6-9 2541</td>
<td>22</td>
<td>17012</td>
<td>6.2</td>
<td>2849</td>
</tr>
<tr>
<td>10-49 788</td>
<td>0.07</td>
<td>12589</td>
<td>4.5</td>
<td>1187</td>
</tr>
<tr>
<td>50-99 99</td>
<td>0.1</td>
<td>6900</td>
<td>2.5</td>
<td>88</td>
</tr>
<tr>
<td>100-199 57</td>
<td>0.04</td>
<td>8025</td>
<td>2.9</td>
<td>52</td>
</tr>
<tr>
<td>200 and more 94</td>
<td>0.08</td>
<td>36159</td>
<td>13.1</td>
<td>77</td>
</tr>
</tbody>
</table>

Source: The Latvian Central Statistical Bureau

The detailed description of the issue of milk quality is provided under the subchapter D “Veterinary and phyto-sanitary control” heading (a) 5 “Food of animal origin – conformity criteria for the food processing undertakings”.

Processing

On 30 June 2000, there were 53 milk-processing companies with 72 production facilities in Latvia. Since 1995, due to the restructuring of the sector, ten largest companies have taken 68 – 70 % of Latvia’s market for dairy products.
Table 4

Market share of the largest milk processing companies in 1995-1999, %

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined share of four largest milk processing companies</td>
<td>41</td>
<td>46</td>
<td>44</td>
<td>42</td>
<td>43</td>
</tr>
<tr>
<td>Combined share of ten largest milk processing companies</td>
<td>68</td>
<td>68</td>
<td>70</td>
<td>69</td>
<td>70</td>
</tr>
</tbody>
</table>

Source: Latvian State Institute of Agrarian Economy according to the data of The Latvian Central Statistical Bureau

Current 10 milk-processing undertakings in Latvia have obtained the EU veterinary access number, which grants them the rights to export their products to the EU (Commissions Decision of 25 March 1997 No 97/252/EEC).

External trade

In 1999, the export of dairy products made 16.1% of Latvia’s total agricultural and food exports but import – 3.1%. Moreover, the dairy farming is the only branch of agriculture with the positive external trade balance. The main products in export are butter, cheese and skim milk powder. Latvia’s main trading partners are the EU, Russia and the Baltic States. The share of EU in the total export of dairy products is 41% and in the total import – 28%.

Since 1 July 1996, the EU has allocated the quotas for import of Latvian dairy products in the framework of Europe Agreement. From year 2000, the quotas for the import of butter, cheese and milk powder are increased. This indicates that Latvia already now has acquired a stable position in the EU market for dairy products.

Table 5

Exports of dairy products to the EU in 1999-2003 in tons

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk powder</td>
<td>3000</td>
<td>4000</td>
<td>4400</td>
<td>4800</td>
<td>2133</td>
</tr>
<tr>
<td>Milk and cream, condensed with sugar</td>
<td>240</td>
<td>250</td>
<td>250</td>
<td>250</td>
<td>0.36</td>
</tr>
<tr>
<td>Butter</td>
<td>1080</td>
<td>1875</td>
<td>2065</td>
<td>2255</td>
<td>960</td>
</tr>
<tr>
<td>Cheese</td>
<td>1440</td>
<td>3000</td>
<td>3300</td>
<td>3600</td>
<td>1583</td>
</tr>
</tbody>
</table>

Source: The Latvian Central Statistical Bureau, data of the EC customs statistics.

State aid

Since 1996, the state aid to the development of dairy farming is allocated in the form of subsidies in compliance with the annual decree of the Ministry of Agriculture “On the State Support to Manufacturing of Products in Compliance with the EU Quality Requirements”. The current objectives of this programme are:

- breeding, pedigree registration and herd improvement measures;
- maintenance of the cattle register;
- technological modernisation of the dairy production;
- improvement of the competitiveness and quality of the dairy products.

\* From 1999, data is collected monthly on all public and private undertakings, which are employing in industrial production 20 or more persons or for which the previous year’s turnover exceeded 500 000 EUR.
Sectoral policy and strategy

The sectoral policy and strategy in Latvia are based on the following legal documents:

- Law On Agriculture (24.10.1996);
- Concept of Agricultural Development (17.02.1998);
- Development basis of agriculture and its sectors (03.121998);
- Annual Programme for Agricultural Development.

In the Concept of Agricultural Development, dairy farming was recognised as one of the priority branches with a large potential. The objective for further development of this branch is to guarantee in Latvia at least 100% self-sufficiency in dairy products providing the rational use of available land resources for the production of forage. Latvia wants to retain the niche captured in the international market for dairy products. Accordingly, the dairy farming would become stable and economically attractive branch, which is competitive in the world market. Currently the work is going on in Latvia on the implementation of the CMO elements for milk and dairy products, introducing the intervention mechanism for milk. To introduce the milk quota system, the dairy farmers’ register will be established in 2001.

Latvia continues approximation to the EU legislation in the area of Common Agricultural Policy as regards milk and dairy products.

From 2001, modernisation of the milk production and improvement of competitiveness and quality of the dairy products will be supported by the EU SAPARD programme in the framework of Rural Development Plan according to the following subprogrammes:

- “Modernisation of the Agricultural Machinery, Equipment and Buildings”;
- “Improvement in Processing and Marketing of the Agricultural and Fisheries products”.

Legal basis

Until now, main emphasis in the approximation of national legislation with the EU norms was put on the quality of milk and on the protection of consumers. To harmonise the national legislation in the dairy farming with the EU requirements, the following legal act was adopted:

- Regulations of the Cabinet of Ministers No 347 (12.10.1999) On Compulsory Safety Requirements of the Purchased Cow Milk (92/46/EEC). According to these regulations, three quality categories are set in Latvia – extra grade, first (I) grade and second (II) grade. Regulations provide for transitional period until 1 January 2006, during which the quality indicators for milk will be gradually adjusted to the EU requirements.

By the end of 2000, the following legal acts will be adopted in Latvia:

- Regulations of the Cabinet of Ministers Rules for the circulation of raw milk (92/46/EEC, 89/362/EEC);
- Regulations of the Cabinet of Ministers Rules for the circulation of the processed milk and dairy products” (92/46/EEC).

By May 2001, the following legal acts will be adopted in Latvia:

- Regulations of the Cabinet of Ministers On protection of the denominations of Milk and Dairy Products (EEC/1898/87);
- National standard (LVS) for drinking milk (EEC/2597/97);
- National standard (LVS) for butter (EEC/2991/94).

Administrative structure

Currently, to ensure the administration of market organisation for milk and dairy products the following institutional system exists:

- Ministry of Agriculture – elaboration of policy and legislation, implementation of the EU acquis communautaire, forming of the sectoral strategy, representation of the sectoral interests;
• **Rural Support Service** – administration of the state aid. From 2001, RSS will take over administration of the *register of milk producers*. The register is created to connect the milk production and processing, to control the quality and deliveries. It will form the basis for introduction of the EU type system for milk quotas by allocating among the registered producers the corresponding individual quotas based on previous deliveries.

*Upon introduction of the CMO mechanisms for milk and dairy products* RSS will perform following functions:

- administration of the quota mechanisms;
- administration of payments;
- issue of import and export licences;
- administration of market measures;

• **Agricultural Market Intervention Agency** - *introducing mechanisms of the CMO for milk and dairy products*, will provide intervention measures in the market for agricultural products;

• **State Veterinary Service** – carries out veterinary supervision of dairy farms and milk processing undertakings;

• **Sanitary Border Inspection** – carries out veterinary control on borders;

Therefore, veterinary control is carried out both by State Veterinary Service and Sanitary Border Inspection, however the institutional system will be brought into conformity with the veterinary requirements of the EU horizontal directives until the date of accession.

• **LSIAE Centre for Agricultural Market Promotion** – analyses the market prices for milk and dairy products.

*Upon introduction of the CMO mechanisms for milk and dairy products*, centre will provide price information to the European Commission.

• **Central Union of Latvian Dairy Farmers** – represents the interests of milk producers and milk processing companies.

The system of administration of common market organisation for milk and dairy products will be able to operate fully from the date of accession.

**Position of Latvia**

| Latvia will implement in full the *acquis communautaire* in the area of common market organisation for milk and dairy products as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations: |

| 1. Milk Quota |

**EU legal acts:**


*Latvia requests annual guaranteed amount (quota) of 1 200 000 tons divided in 900 000 tons for processing and 300 000 tons for direct sales.*

53
**Justification of the position**

Dairy farming is one of the priority agricultural branches in Latvia. There are favourable climate and soil conditions. Until 1990, Latvia annually produced approximately 2 million tons of milk but due to the economic and political reforms, the output started to decrease in 1991. Situation had stabilised in 1997, but the world financial crisis and particularly its expression in Russia, which traditionally was one of the most important markets for Latvia’s dairy products evoked significant fall in sale prices. Consequently, the purchasing prices fell down causing the fall in the level of production. Therefore current production level of 800,000 tons of milk annually does not reflect the potential of this sector. By rational use of available resources and creating the effective structure of production, it is possible to raise the level of production to 1.2 million tons of milk during next few years. The implementation of optimisation policy in the sector from 2001 will facilitate the intensification of dairy farming mainly by gradual growth of dairy farms to the holdings having 50 – 80 cows, thus providing the concentration and better utilisation of investments.

The support (SAPARD, national state aid) to investments for modernisation of dairy farms will facilitate the growth of herds, the improvement of milk quality and the growth in production level. The productivity could grow in average to 4500 – 5500 kg from cow annually, thus with the current number of cows being 205.6 thousands it will be possible to produce 0.93 – 1.03 million tons of milk. With the further policy development in the sector it is envisaged that number of cows will grow to 220 thousands in 2003 that would allow to produce up to 1.2 million tons of milk.

The optimisation of processing structure would create 20 – 25 processing undertakings, which will be able to absorb around 90% of all milk for processing. With increase in purchasing prices, the supply of milk for processing will grow reaching up to 75% from the total production in 2003.

Latvia’s traditional peculiarity is high volume of self-consumption and direct sales of milk and dairy products, therefore part of milk is not counted as production output. In 1999 the average milk consumption per capita decreased to 287.8 kg and the total consumption in food (in milk equivalent) to 700.2 thousands tons. Nevertheless, in Latvia, milk is a traditional food ingredient and current attenuation is related mainly to the low purchasing power. Comparing the average consumption in the EU and in Latvia for such traditional products as butter and cheese one can conclude that the EU average consumption is considerably higher (17 kg and 4.7 kg per capita). To reach this level in Latvia, the consumption of butter and cheese shall rise respectively 2.5 and 5 times. By the envisaged growth in consumption also for other dairy products, the possible and optimal level of milk consumption would reach 480 kg per capita (this corresponds to the level recommended by Latvian and Lithuanian food scientists). This figure would be still considerably lower than in Ireland and Denmark (respectively 740 kg and 522 kg per capita).

To satisfy the desirable level for consumption of 480 kg per capita it would be necessary to produce 1.2 million tons of milk.

With accession of Latvia to the EU the trade with other Member States will increase, therefore Latvia requests respective volume of quota which would guarantee at least 100% self-sufficiency taking into account the further increase in consumption of dairy products.

### 2. Direct Payments

**EU legal act:**


**Latvia requests equal access to direct payments for Latvian milk producers as regards other Member States. Latvia requests to set the quota at 1,200,000 tons of milk as the reference amount for the allocation of direct payments.**
Justification of the position
Not receiving the equal amount of direct payments Latvia’s dairy farming in a long run can lose competitiveness with the dairy farming in other EU Member states where milk producers will receive direct payments from 2005. In this case, the development of dairy farming will be determined not by lower costs and higher efficiency of production but by the amount of direct payments. Latvia regards this situation as distortion of the EU milk production in favour of inefficient holdings.

9. Beef and sheepmeat

a) Beef and veal

Situation in sector

In Latvia, the beef production has been developed alongside with the dairy farming and only during last 10 years it evolved into a separate branch, which is based on the specialised meat cattle breeds. Dominant cattle breeds are Charolais, Hereford and Limousine as well as their interbreeds with the local milk cows. The development of specialised beef production is possible since there are all preconditions for grass growing and preparation of rough fodder, which the basic feed for cattle, as well as available manpower and suitable climate conditions. Further development is ensured by the fact that there is large share of small milk producing holdings, which will not be able to compete in milk production and will seek alternative specialisation in agricultural production.

Main indicators in beef production 1995 – 1999

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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Cattle herd (thousands)</td>
<td>537.1</td>
<td>509.4</td>
<td>476.9</td>
<td>439.4</td>
<td>378.4</td>
</tr>
<tr>
<td>Number of cattle slaughtered (thousands)</td>
<td>217.3</td>
<td>177.4</td>
<td>157.4</td>
<td>177.6</td>
<td>149.7</td>
</tr>
<tr>
<td>Beef produced (thousand tons, carcass weight)</td>
<td>48.0</td>
<td>26.5</td>
<td>25.5</td>
<td>25.8</td>
<td>20.5</td>
</tr>
<tr>
<td>Import (thousand tons) CN code 0201-0202</td>
<td>2.58</td>
<td>1.60</td>
<td>3.17</td>
<td>2.41</td>
<td>0.47</td>
</tr>
<tr>
<td>Export (thousand tons) CN code 0201-0202</td>
<td>0.020</td>
<td>0.017</td>
<td>0.007</td>
<td>0.039</td>
<td>0.008</td>
</tr>
<tr>
<td>Share of production it total agricultural output (%)</td>
<td>10.0</td>
<td>6.3</td>
<td>5.9</td>
<td>6.2</td>
<td>3.4</td>
</tr>
<tr>
<td>Beef consumption (thousand tons)</td>
<td>22.2</td>
<td>29.2</td>
<td>32.9</td>
<td>39.8</td>
<td>35.6</td>
</tr>
<tr>
<td>Self-sufficiency of domestic market (%)</td>
<td>46.25</td>
<td>90.75</td>
<td>77.51</td>
<td>64.82</td>
<td>57.58</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau, LSIAE and Ministry of Agriculture

Current economic situation thwarts development of the beef sector. There is a high share of imported beef in the domestic market and the purchase prices for beef do not cover the production costs thus causing the decrease in the number of cattle. Latvia’s traditional feature is a high volume of direct consumption and direct sales of the beef. In 1999, the domestic consumption of beef was 35.6 thousand tons. From 1996 to 1999, the consumption has risen by 18% or 6.4 thousand tons. Currently the annual consumption per capita in Latvia is 14.6 kg of beef. In 1999, there were 20.5 thousand tons of beef produced, which covered 57.7% of the domestic beef consumption.
State aid

Since 1996, the Ministry of Agriculture allocates the state aid to the beef sector in the form of subsidies in compliance with the annual decree “On the State support to manufacturing of products meeting the EU quality requirements”.

The main objectives for the support of beef sector in this programme are:

- Maintenance of the cattle register;
- Evaluation of breeder bulls according to the productivity of their daughters;
- Development of the quality beef production, including lump sum premiums:
  a. for calved cow;
  b. for breed heifer grown in herd not younger than 12 month;
  c. for younger cattle sold for meat.

The payments are differentiated according to whether the animal is of specialised meet breed or interbred with specialised meet breed. The payments cover other younger cattle if there are at least 100 younger cattle of different age in the herd to fatten.

Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal and normative documents:

- Law On Agriculture (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual Program for Agricultural Development.

To ensure the integration of Latvian cattle breeders in the EU common market the further increase in state aid to this sector is envisaged. For rapid growth of this sector, Latvian Cattle Breeders Association has been established to solve pedigree cattle breeding, cattle keeping, feeding, trade and other related problems. The pedigree cattle breeding program is realised that envisages the development of economical advantages of the meet cattle breeds as well as systematic rearing of different meat interbreeds.

The objectives of the beef sector as defined in Latvia’s Concept of agricultural development are:

- to stabilise production and to create conditions for further development of the sector;
- to meet the demands of the domestic market for beef and products thereof;
- to promote the competitiveness of the beef production on the international market.

To reach these objectives the development will be directed towards the increase in the number of holdings and in the number of cattle reared as well as towards the modernisation of technological base according to the EU requirements and the cutting down of production costs. To reach these goals the investment will be provided from the producers’ own resources as well as from the national and SAPARD (from 2001) financial aid.

From 2001, the modernisation of undertakings producing and processing the beef and products thereof as well as slaughterhouses will be supported from the EU SAPARD funds within the framework of Rural Development Program according to the following subprograms:

- “Modernisation of the Agricultural Machinery, Equipment and Premises”;
- “Improvement in Processing and Marketing of the Agricultural and Fisheries products”.

Currently Latvia prepares the introduction of the Common Market Organisation in the beef sector. In 2001 work will be continued as regards:

- drafting the legal basis, elaboration and implementation of the system for classification of cattle carcasses;
- further improvements in functioning of the system for cattle identification and registration;
- labelling of beef;
- drafting the legal basis for the private storage of beef.
Legal basis

- Regulations of the Cabinet of Ministers Nr.10 Rules on registration of animals and herds (13.01.1998) (92/102/EEC, 820/97/EEC as repealed by 1760/2000/EEC);
- Instruction of the Ministry of Agriculture Nr.1 On cattle tags (30.07.1998);
- Instruction of the Ministry of Agriculture Nr.6 On amendments to the Instruction of the Ministry of Agriculture from 30 July 1998. Sets the rules for identification and registration of cattle;
- Regulations of the Cabinet of Ministers Nr.46 Rules for food labelling (08.02.2000);

By the end of 2001 the following legal acts will be adopted:

- Regulations of the Cabinet of Ministers On labelling of beef and products thereof (1760/2000/EEC);
- Regulations of the Cabinet of Ministers On private storage of beef (907/2000/EEC, 562/2000/EEC);
- Regulations of the Cabinet of Ministers On classification of cattle carcasses based on standard LVS 194:1999, envisaging compulsory application of classification system in the processing of beef.

Administrative structure

Currently, to ensure the administration of market organisation for beef and products thereof the following institutional system exists:

- **Ministry of Agriculture** – elaboration of policies and legislation, implementation of the EU *acquis communautaire*, forming of the sectoral strategy, representation of the sectoral interests;
- **Rural Support Service (RSS)** – administration of the national state aid in the sector of cattle breeding.

Upon introduction of the CMO mechanisms for beef and products thereof, RSS will perform following functions:
- administration of direct payments (setting, calculation and payment of premiums);
- issue of import and export licences;
- administration of market measures;

- **Agricultural Market Intervention Agency** – currently the intervention mechanism in the beef market does not exist.

Upon introduction of the CMO mechanisms for beef and products thereof will provide private storage if necessary;

- **State Veterinary Service (SVS)** – carries out veterinary supervision of cattle farms and meat processing undertakings. With the Regulations “On Classification of Cattle Carcasses” coming into force the Food Supervision Division of SVS will take over the supervision of the system of classification of cattle carcasses.
- **Sanitary Border Inspection** – carries out veterinary control on borders.
- **State Breeding Information Data Processing Centre, Ltd** – creates and arranges register of animals and herds, allocates cattle identification numbers and issues cattle passports.
- **LSIAE Centre for Agricultural Market Promotion** – analyses the market prices for beef and products thereof.

Upon introduction of the CMO mechanisms for beef and products thereof, centre will provide price information to the European Commission.

- **Latvian Cattle Breeders Association**– represents the interests of beef producers.

The system of administration of common market organisation for beef and products thereof will be fully operational from the date of accession.
Position of Latvia

Latvia will implement in full the acquis communautaire in the area of common market organisation for beef and products thereof as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

1. Direct Payments

EU legal acts:
Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal

Latvia requests a “regional ceiling” of 75 000 animals for the receipt of special premium according to the Article 4 of the Regulation. Corresponding number of animals shall be included in Annex I of the Regulation 1254/1999/EC.

Justification of the position
The climate and soil conditions in Latvia are suitable for meadows, pasture and growing of forage. In 1999, the total land area used for cattle breeding was 1.023 million hectares. By using Latvia’s natural resources for efficient growing of perennial and annual grasslands, the production of forage with high bioenergetic value will be assured.
The development of cattle breeding and production of quality beef in Latvia is proved by the fact that already for several years the production of quality beef has been promoted by the state aid. The branch of specialised meat cattle breeding becomes more popular in Latvia. The number of holdings involved in the rearing of specialised meat cattle breeds has grown little more than 3 times from 1996 to 1999.
In the EU Member States, the consumption of beef is approximately 20 kg per capita. In Latvia, currently it is only 14.9 kg per capita. The improvements of economic situation and growth of GDP and following increase in beef consumption to the level of the most developed EU Member States are forecasted after the accession.

2. Direct Payments

EU legal acts:
Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal

Latvia requests a “national ceiling” of 25 000 suckler cows for the receipt of premium according to the Article 7 (2) of the Regulation. Corresponding number of suckler cows shall be included in Annex II of the Regulation 1254/1999/EC.

Justification of the position
The cattle herd in Latvia consists mainly of the “Latvian Brown” breed, which is historically used for milk and meat production at the same time. The calves of the “Latvian Brown” breed are grown for production of meet. Therefore, the low productivity cows, which are used to suckle calves, correspond to the definition of suckler cows according to the Article 3(f) of the Regulation 1254/1999/EC.
Taking into account that approximately in 85% of holdings in Latvia the number of bovine animals does not exceed 5, the low competitiveness of these holdings in a dairy farming shall be noted. It is forecast that these holdings will change their production pattern towards a meat production or a mixed type of production. The provisions of Article 6 of the Regulation 1254/1999/EC, which envisages that the rights to suckler cow premiums are granted according to the individual reference for a milk production as well as the milk yield, improve the prospects for the group of small and medium-sized holdings of the mixed (milk and meat) production to be eligible for this premium.
In addition to this, the Preamble (8) of the Regulation 1254/1999 states that suckler cow premium should therefore also be granted for small and medium-sized mixed holdings.
3. Direct Payments

**EU legal act:**
Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal

Taking the data of 1995 as the reference year data, Latvia requests slaughter premiums for 220,000 animals including for 145,000 bulls, steers, suckler cows and heifers and for 75,000 calves according to the Article 11(3) of the Regulation 1254/1999/EC.

**Justification of the position**
According to the Article 11(3) of the Regulation 1254/1999/EC the 1995 data of Central Statistical Bureau on the number of animals slaughtered in Latvia is used for the calculation of premiums. The amount calculated takes into account the possibilities for further development in the sector, as the premiums shall be applicable from 2002 onwards.

4. Direct Payments

**EU legal act:**
Council Regulation (EC) No 1254/1999 of 17 May 1999 on the common organisation of the market in beef and veal

Latvia requests the receipt of additional payments in the amount of 3,500,000 EUR according to the Article 4 of Regulation. Corresponding number of animals shall be included in Annex I of the Regulation 1254/1999/EC.

**Justification of the position**
Taking into account the Article 14 (1) of the Regulation 1254/1999/EC, the additional payments shall be made in each Member State according to objective criteria including the relevant production structures and conditions. Latvia considers that the current conditions for beef production and the income level of producers considerably differ from those in the EU Member States that are main beef producers. Therefore, rights to additional payments will provide possibility to equalise structural economic differences and discriminatory factors. The rights to addition payments will stabilise production and will help to create conditions for the further development and growth of competitiveness of the sector in the EU and international market.

5. Private Storage

**EU legal act:**

Latvia requests buying-in of A category R2, R3 and O2, O3 class bovine carcasses according to the Article 3 (a) of the Regulation and requests to include these classes into the Annex I of the Regulation 562/2000/EC.
b) Sheepmeat and goatmeat

Situation in sector

The production of sheepmeat and goatmeat is a traditional agricultural sector in Latvia. The production output in sector is small nevertheless during the last few years there is a growth trend in the number of animals. Until 1990, the sheep breeding was better developed because sheep were used for the production of wool and meat. Currently the sheep breeding for the production of wool has decreased as the processing is carried out by few small undertakings. Therefore, the sheep breeding for the production of meat becomes dominant. The strongest demand is for a lamb of age less than one year and a weight of 45 - 60 kg, where the meat is of high quality. The sheep milk and products thereof are not produced in Latvia.

The goats are bred in Latvia for the milk production and for the meat are used mainly cast-offs. Currently there is no demand for the goatmeat on the market, but in the distant future, if the demand will show the trend for growth, further development of the sector might be envisaged.

Main indicators in sheep breeding and goat-breeding sector 1995 –1999

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</tr>
</thead>
<tbody>
<tr>
<td>Number of goats (thousands)</td>
<td>8.9</td>
<td>8.4</td>
<td>8.9</td>
<td>10.5</td>
<td>8.1</td>
<td>9.5</td>
<td>15.2</td>
</tr>
<tr>
<td>Number of sheep (thousands)</td>
<td>72.1</td>
<td>55.5</td>
<td>40.7</td>
<td>29.4</td>
<td>27.0</td>
<td>35.8</td>
<td>40.0</td>
</tr>
<tr>
<td>Number of ewes in herd (thousands)</td>
<td>46.6</td>
<td>35.7</td>
<td>25.1</td>
<td>17.9</td>
<td>14.7</td>
<td>16.5</td>
<td>18.4</td>
</tr>
<tr>
<td>Sheepmeat and goatmeat produced (tones carcass weight)</td>
<td>1 100</td>
<td>700</td>
<td>412</td>
<td>337</td>
<td>204</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau

State aid

Since 1996, the Ministry of Agriculture allocates the state aid to the sheepmeat and goatmeat sector in the form of subsidies in compliance with the annual decree “On the State support to manufacturing of products meeting the EU quality requirements”.

The main objectives for the support of sheep breeding and goat-breeding are:

- development of sheep herd;
- purchase of the breeding material;
- creation of the identification system for sheep and goats.

Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal and normative documents:

- Law On Agriculture (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (3.12.1998);
- Annual Program for Agricultural Development.

The objectives of the sheep breeding and goat-breeding sector are:

- to stabilise production and to create conditions for further development of the sector and for increase in the number of herds and animals;
- to meet the demands of the domestic market for sheepmeat and products thereof;
- to promote the competitiveness of the beef production on the international market;
- to preserve Latvian sheep breed for the improvement of herd.
In 1999, Sheep Breeders Association has been established to solve pedigree sheep breeding, upkeep, feeding, trade and other related problems. The pedigree sheep breeding program is realised that envisages the development of economical advantages of the Latvian dark headed sheep breed as well as systematic rearing of different sheep interbreeds. The feasibility studies of the sheepmeat production and the development of optimum production technologies are curried out. To reach these goals the investment will be provided from the producers’ own resources as well as from the national and SAPARD (from 2001) financial aid. From 2001, the modernisation of undertakings producing and processing the sheepmeat and goatmeat as well as slaughterhouses will be supported from the EU SAPARD funds within the framework of Rural Development Programme according to the following subprograms:

- “Modernisation of the Agricultural Machinery, Equipment and Premises”;
- “Improvement in Processing and Marketing of the Agricultural and Fisheries products”.

Currently Latvia prepares the introduction of the Common Market Organisation in the sheepmeat and goatmeat sector. In 2001 work will be continued as regards:

- drafting the legal basis, elaboration and implementation of the system for classification of sheep carcasses;
- implementation of the system for sheep identification and registration;

Legal basis

**By the end of 2002 the following legal acts will be adopted:**


Administrative structure

Currently, to ensure the administration of market organisation for sheepmeat and goatmeat the following institutional system exists:

- **Ministry of Agriculture** – elaboration of policies and legislation, implementation of the EU *acquis communautaire*, forming of the sectoral strategy, representation of the sectoral interests;
- **Rural Support Service (RSS)** – administration of the national state aid in the sector of cattle breeding.

**Upon introduction of the CMO mechanisms for sheepmeat and goatmeat**, RSS will perform following functions:

- administration of direct payments (setting, calculation and payment of premiums);
- issue of import and export licences;
- administration of market measures;

- **State Veterinary Service (SVS)** – carries out veterinary supervision of sheep and goat farms and meat processing undertakings. With the Regulations “On Classification of Sheep’s and Goats’ Carcasses” coming into force the Food Supervision Division of SVS will take over the supervision of the system of classification of sheep carcasses.
- **Sanitary Border Inspection** – carries out veterinary control on borders.
- **State Breeding Information Data Processing Centre, Ltd** – creates and arranges register of animals and herds, allocates sheep and goat identification numbers.
- **LSIAE Centre for Agricultural Market Promotion** – analyses the market prices for meat and products thereof.

**Upon introduction of the CMO mechanisms for sheepmeat and goatmeat**, centre will provide price information to the European Commission.

The system of administration of common market organisation for sheepmeat and goatmeat will be able to operate fully from the date of accession.
Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of common market organisation for sheep meat and goatmeat as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

Latvia requests to include it into the list of countries provided in the Article 10 (1) of the Council Regulation (EC) No 2467/98 of 3 November 1998 on the common organisation of the market in sheepmeat and goatmeat, and to set an overall ceiling for the granting of the premium at 50 000 ewes.

Justification of the position

Sheep breeders have good prospects for the development of sector as Latvia has suitable land areas, which can be used for the sheep pasture as well as for the preparation of forage. The most suitable region in Latvia is Latgale where the climate and agro-ecological conditions (terrain, natural pastures and temperature regime) are optimal for the sheep breeding. Secondary objectives for the development of sector are the conservation and tidying up of environment and the enrichment of landscape.

During last few years, there is a growth in demand for sheepmeat in Latvia. According to recommendations of the food scientists, the annual consumption of meat shall be around 85 kg of which 10% shall be sheepmeat. It means that annual consumption of the sheepmeat shall be 8.5 kg per capita. Provided this, the total annual sheepmeat consumption in Latvia would reach 20.73 thousand tons.

Being aware of export possibilities in European and Asian markets Latvian sheep breeders envisage further development of the sector as the sheepmeat is ecologically clean and demand for it is growing globally.

10. Pigmeat and poultry

a) Pigmeat

Situation in sector

Historically, pig breeding was one of the priority sectors in Latvia's agriculture. Due to denationalisation and privatisation after the regaining of independence in Latvia, a fragmentation in the structure of holdings occurred. Many large-scale holdings were liquidated however from 1997 there is a growth trend in a number of holdings breeding more than 50 pigs. Therefore, the development possibilities for the large holdings can be forecast in future.

Latvian Pig Breeders Association has been created. Following the pigmeat sector indicators it assesses situation in the sector and represents the interests of pig breeders during the drafting of normative acts as well as for receipt of the state aid for the development of pig breeding. Specific pedigree pig breeding issues in the sector are tackled by the Centre for Pedigree Pig Breeding and the pig breeding service company “Agropols”.

Currently several economic circumstances hamper the development in sector. Latest global crisis destabilised the economic situation in Russia and the prices of pigmeat in the EU reached the record low for the last 25 years. This affected negatively also the pig-breeding sector in Latvia. To avert negative impact the Parliament adopted laws setting the provisional measures for the protection of domestic market.

From 1998 to 1999, number of holdings having 50 to 199 pigs increased by 33.7% and reached 469, by 72.2% increased the number of holdings having from 200 to 1999 pigs and it reached 136. These holdings have not only implemented the progressive upkeep technologies but the quality of pigs fattened is high as well. Last few years some holdings applying the methods of industrial interbreed, rear pigs with up to 60% of meagre meet in carcasses.
Main indicators of pigmeat sector 1995 – 1999

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of pigs (thousands)</td>
<td>552.8</td>
<td>429.9</td>
<td>421.1</td>
<td>404.9</td>
</tr>
<tr>
<td>Pigmeat produced (thousand tons)</td>
<td>58.6</td>
<td>37.1</td>
<td>36.4</td>
<td>34.7</td>
</tr>
<tr>
<td>Import (thousand tons) CN code 0203</td>
<td>-</td>
<td>2.5</td>
<td>4.55</td>
<td>12.97</td>
</tr>
<tr>
<td>Export (thousand tons) CN code 0203</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.02</td>
</tr>
<tr>
<td>Share of production in total agricultural output (%)</td>
<td>23.0</td>
<td>16.5</td>
<td>17.1</td>
<td>14.9</td>
</tr>
<tr>
<td>Consumption of pigmeat (thousand tons)</td>
<td>-</td>
<td>68.8</td>
<td>56.2</td>
<td>63.6</td>
</tr>
<tr>
<td>Self-sufficiency (%)</td>
<td>-</td>
<td>53.9</td>
<td>64.8</td>
<td>54.5</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau, LSIAE and Ministry of Agriculture

In 1999, 34.7 thousand tons of pigmeat (carcass weight) were produced in Latvia that makes 54.6 % of the domestic consumption. The main reason for low figure of meat consumption in Latvia is a limited purchasing power of the population. Following the growth of GDP and improvement of economic situation the domestic consumption would grow until the level in the developed EU Members States and Scandinavian countries, which is approximately 40 kg per capita.

State aid

Since 1996, the Ministry of Agriculture allocates the state aid to the pigmeat sector in the form of subsidies in compliance with the annual decree “On the State support to manufacturing of products meeting the EU quality requirements”. The main objectives for the support of pigmeat sector are:

- implementation of the pedigree pig breeding program in Latvia;
- implementation of the supervision programme in the pig herds;
- creation of the identification system for pigs.

Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal and normative documents:

- Law On Agriculture (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual Programme for Agricultural Development.

The objective of Latvia’s agriculture is to meet the demands of the domestic market for pigmeat and to ensure the competitiveness of products. The development in the sector is aimed at optimisation of holdings and growth in the offer of high quality domestically produced pigmeat, meeting the demands of the domestic market, modernisation of the technologic base according to the EU standards, reducing of production costs as well as at the introduction of the market mechanisms. To reach these goals the investment will be provided from the producers’ own resources as well as from the national and SAPARD (from 2001) financial aid. From 2001, the modernisation of undertakings producing and processing the pigmeat as well as slaughterhouses will be supported from the EU SAPARD funds within the framework of Rural Development Program according to the following subprograms:

- “Modernisation of the Agricultural Machinery, Equipment and Premises”;
- “Improvement in Processing and Marketing of the Agricultural and Fisheries products”.

Currently Latvia prepares the introduction of the Common Market Organisation in the pigmeat sector. In 2001 work will be continued as regards:

- drafting the legal basis, elaboration and implementation of the system for classification of pig carcasses;
- implementation of the system for pig registration;
Legal basis

- National standard LVS 239:1999 On classification of pigs carcasses (24.05.1999) (3220/84/EEC);
- Regulations of the Cabinet of Ministers Nr.10 Rules for registration of animals and herds" (13.01.1998) (92/102/EEC)
- Instruction of the Ministry of Agriculture Nr.3 On pigs’ tags” (12.06.2000).

By the end of 2001, the following legal acts will be adopted:

- Regulations of the Cabinet of Ministers On private storage of pigmeat (2763/75/EEC);
- Regulations of the Cabinet of Ministers On classification of pigs carcasses, based on standard 239:1999 it will set mandatory application of the classification system in processing undertakings.

Administrative structure

Currently, to ensure the administration of market organisation for pigmeat the following institutional system exists:

- **Ministry of Agriculture** – elaboration of policies and legislation, implementation of the EU *acquis communautaire*, forming of the sectoral strategy, representation of the sectoral interests;
- **Rural Support Service (RSS)** – administration of the national state aid in the sector of animal breeding.
  
  Upon introduction of the CMO mechanisms for pigmeat, RSS will perform following functions:
  - issue of import and export licences;
  - administration of market measures;
- **Agricultural Market Intervention Agency** – currently the intervention mechanism in the pigmeat market does not exist.
  
  Upon introduction of the CMO mechanisms for pigmeat, it will provide private storage if necessary;
- **State Veterinary Service (SVS)** – carries out veterinary supervision of pig farms and meat processing undertakings. With the Regulations “On Classification of Pig Carcasses” coming into force the Food Supervision Division of SVS will take over the supervision of the system of classification of pig carcasses.
- **Sanitary Border Inspection** – carries out veterinary control on borders.
- **State Breeding Information Data Processing Centre, Ltd** – arranges register of herds.
- **LSIAE Centre for Agricultural Market Promotion** – analyses the market prices for meat and products thereof.
  
  Upon introduction of the CMO mechanisms for pigmeat, centre will provide price information to the European Commission.

The system of administration of common market organisation for pigmeat will be fully operational from the date of accession.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of common market organisation for pigmeat as well as assume responsibilities of a Member State as from the date of accession to the EU.
b) Eggs and poultry

Situation in sector

In Latvia, the production of eggs and poultrymeat is carried out mainly by specialised holdings and industrial poultry farms, whose output makes 70% of the total production of eggs and 74% of the total production of the poultrymeat. In 1999, the total number of poultry was 3 236.9 thousands.

Main indicators of poultry farming sector 1995–1999

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<tbody>
<tr>
<td>Number of poultry</td>
<td>4198</td>
<td>3790</td>
<td>3551</td>
<td>3209</td>
<td>3237</td>
</tr>
<tr>
<td>Poultrymeat produced</td>
<td>10 800</td>
<td>8662</td>
<td>7613</td>
<td>7865</td>
<td>6254</td>
</tr>
<tr>
<td>Eggs produced</td>
<td>421.0</td>
<td>470.8</td>
<td>465.0</td>
<td>455.7</td>
<td>415.7</td>
</tr>
<tr>
<td>Import of poultrymeat</td>
<td>1260</td>
<td>4528</td>
<td>9584</td>
<td>13 284</td>
<td>11 148</td>
</tr>
<tr>
<td>Import of eggs</td>
<td>0</td>
<td>37.74</td>
<td>1141</td>
<td>3216</td>
<td>2430</td>
</tr>
<tr>
<td>Export of poultrymeat</td>
<td>0.10</td>
<td>67.12</td>
<td>122.6</td>
<td>71.6</td>
<td>247.7</td>
</tr>
<tr>
<td>Export of eggs</td>
<td>20</td>
<td>276.7</td>
<td>1021</td>
<td>4525</td>
<td>1877.6</td>
</tr>
</tbody>
</table>

Source: Central Statistical Bureau, LSIAE and Ministry of Agriculture

In 1999, there were 6.25 thousand tons of poultrymeat and 415.7 million eggs produced in Latvia. Currently, a poultry farming is not financially viable, as the products’ selling prices are relatively low. The egg producing holdings with less than 10 000 birds cannot cover the production costs. There are no specialised pedigree poultry breeding farms in Latvia so to improve the quality of poultry farming products the high productivity poultry breeds and interbreeds are imported.

In 1999, the consumption of poultrymeat was 22.2 thousand tons. Latvia produces only 28.2% of necessary amount to meet the demands of domestic market therefore the possibility exists to further develop the production of poultrymeat for domestic consumption.

The only specialised poultrymeat processing undertaking in Latvia is the industrial poultry farm “Kekava”.

State aid

Since 1996, the Ministry of Agriculture allocates the state aid to the poultrymeat sector in the form of subsidies in compliance with the annual decree “On the State support to manufacturing of products meeting the EU quality requirements”, by covering the costs of purchasing the breeding material abroad.

Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal and normative documents:

- Law “On Agriculture” (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis for agriculture and its sectors (03.12.1998);
- Annual Programme for Agricultural Development.
The objective of poultry farming as defined in the Concept of agricultural development is to develop industrial poultry farming meeting the demands of the domestic market with the competitive poultry farming products. To reach this objective, the modernisation of production by attaining the EU requirements for the animal well being and rearing conditions and by ensuring the compliance with sanitary and veterinary norms as well as by rearranging the slaughterhouses and processing undertakings according to the EU requirements, shall be carried out. To ensure the functioning of undertakings according to the EU requirements the investment will be provided from the producers’ own resources as well as from the national and SAPARD (from 2001) financial aid.

From 2001, the modernisation of undertakings producing and processing the poultrymeat and products thereof as well as slaughterhouses will be supported from the EU SAPARD funds within the framework of Rural Development Program according to the following subprograms:
- “Modernisation of the Agricultural Machinery, Equipment and Premises”;
- “Improvement in Processing and Marketing of the Agricultural and Fisheries products”.

Currently Latvia prepares the introduction of the Common Market Organisation in the poultrymeat and egg sector. In 2001, work will be continued as regards introduction of the EU standards for the marketing of poultry.

Legal basis

- Regulations of the Cabinet of Ministers Nr.170 Rules for circulation of domestic hens’ eggs (11 May 1999) (1907/90/EEC, 1274/91/EEC);
- Regulations of the Cabinet of Ministers Nr.282 rules for circulation of the eggs’ products.

By the end of 2001 the following legal acts will be adopted:
- Regulations of the Cabinet of Ministers Rules for marketing of poultrymeat (1906/90/EC, 1538/91/EEC).

Administrative structure

Currently, to ensure the administration of market organisation for poultrymeat and eggs the following institutional system exists:
- Ministry of Agriculture – elaboration of policies and legislation, implementation of the EU acquis communautaire, forming of the sectoral strategy, representation of the sectoral interests;
- Rural Support Service (RSS) – administration of the national state aid in the sector of animal breeding.
  Upon introduction of the CMO mechanisms for poultrymeat, RSS will perform the following functions:
  - issue of import and export licences;
  - administration of market measures;
- State Veterinary Service (SVS) – carries out veterinary supervision of poultry farms meat processing undertakings.
- Sanitary Border Inspection – carries out veterinary control on borders.
- State Breeding Information Data Processing Centre, Ltd –arranges the register of herds.
- LSIAE Centre for Agricultural Market Promotion – analyses the market prices for poultrymeat and eggs.
  Upon introduction of the CMO mechanisms for poultrymeat, centre will provide price information to the European Commission.

The system of administration of common market organisation for poultrymeat and eggs will be fully operational from the date of accession.
Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of common market organisation for poultrymeat and eggs as well as assume responsibilities of a Member State as from the date of accession to the EU.

c) Honey and albumens

**Situation in sector**

In 1999, there were 8 000 – 10 000 beekeepers in Latvia at the different professional levels. The Latvian Apiarist Society is established which collects and distributes to its members the information of educational and instructive nature as well as represents the interests of apiarists in forming the strategy for sectoral development. In Latvia, the apiarists according to the labour intensity can be divided in three groups – professional, amateur and hobby apiarists.

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of beehives (thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>127.5</td>
</tr>
<tr>
<td>1997</td>
<td>115.0</td>
</tr>
<tr>
<td>1998</td>
<td>107.0</td>
</tr>
<tr>
<td>1999</td>
<td>101.0</td>
</tr>
</tbody>
</table>

*Source: Latvian Beekeepers Society*

The data of Latvian Apiarists Society (LAS) shows the total number of beehives in all types of holdings (professional, amateur and hobby apiarists) and it is based on the data provided by LBS structural units, apiculture consultants and other apiculture experts. From 1995 to 1999, the number of beehives decreased by 20.8%. From the total number of beehives 54.1 thousands are in the apiaries of professional apiarists where the market type production of honey, pollen and wax takes place.

<table>
<thead>
<tr>
<th>Year</th>
<th>Export (tons)</th>
<th>1995</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>0.24</td>
<td>0.017</td>
<td>0.084</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Import (tons)</td>
<td>43.5</td>
<td>222.7</td>
<td>286.5</td>
<td></td>
</tr>
</tbody>
</table>

*Source: Central Statistical Bureau*

According to the LAS data, the volume of the domestically produced honey in Latvia is approximately 1000 tons annually or in average 10 kg from one beehive. In the apiaries of professional beekeepers 15 – 40 kg are obtained from the beehive Traditionally there is a high level of the direct consumption and direct sales of the honey in Latvia. Latvian apiculture products fully correspond to the EU requirements as regards their prices and quality. The local breed of bees belongs to the race of European dark honeybee. The honey produced in Latvia is polyfloral and therefore contains wide spectrum of biologically active substances.

In 1999, the total domestic consumption of honey was 1146 tons that constitutes 0.47 kg per capita. In Latvia, the level of honey consumption is lower than in the EU. The economic situation and low purchasing power determine the low consumption. The export and import balance for honey is negative. In 1999, 286.5 tons of natural honey was imported to Latvia.
Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal and normative documents:

- Law On Agriculture (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual Programme for Agricultural Development.

The objective of the apiculture is to develop the sector by offering to the market high quality diversified products as well as to meet demands of the domestic market for locally obtained apiculture products by utilising local resources and work force. Latvian Apiarists Society has elaborated the Latvian apiculture products trademark and plans to create a system for control of products labelled. Latvian apiarists envisage stimulating the developments of professional apiaries, promoting the apiculture methods that allow increasing productivity of beehives thus meeting the market demand for high quality domestic products.

Legal basis

- Regulations of the Cabinet of Ministers Nr.140 Mandatory requirements for harmlessness and labelling of honey” (11.04.2000, in force from 01.01.2002) (74/409/EEC).

Administrative structure

Currently, to ensure the administration of market organisation for honey and albumens the following institutional system exists:

- Ministry of Agriculture – elaboration of policies and legislation, implementation of the EU *acquis communautaire*, forming of the sectoral strategy, representation of the sectoral interests;
- Rural Support Service (RSS) – *Upon introduction of the CMO mechanisms for honey and albumens*, RSS will perform following functions:
  - issue of import and export licences;
  - administration of market measures;
- State Veterinary Service (SVS) – carries out veterinary control.
- Sanitary Border Inspection – carries out quality control on borders.
- State Breeding Information Data Processing Centre, Ltd – arranges register of apiaries.
- LSIAE Centre for Agricultural Market Promotion – analyses the market prices for meat and products thereof.

*Upon introduction of the CMO mechanisms for honey and albumens, centre will provide price information to the European Commission.*

The system of administration of common market organisation for honey and albumens will be fully operational from the date of accession.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of honey and albumens as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

| EU legal act: |
| Commission Regulation (EC) No 2300/97 of 20 November 1997 on detailed rules to implement Council Regulation (EC) No 1221/97 laying down general rules for the application of measures to improve the production and marketing of honey |
| Latvia requests to set the amount of 54 000 beehives for the Community part-financing programme according to the Article 3 (1) of the Regulation 2300/97/EC and to include this amount in Annex I to the above mentioned Regulation. |
C. Structural policy, rural development and forestry

1. Initiative programme LEADER

Situation in the sector

There are organizations of producers and processors of agricultural products established in Latvia. They have been united into the Co-operation Council of Agricultural Organizations consisting of about 40 members – sectoral organizations and five farmers’ organizations – Latvian Farmers’ Federation, Association of Agricultural Holding Companies, Farmers’ Parliament, Latvian Rural Support Association and Latvian Young Farmers’ Club. The Co-operation Council serves as firm grounds for a political dialogue between the Ministry of Agriculture and non-governmental organizations (NGOs) in agriculture.

There are more than five hundred various initiative groups in Latvia, which are not united in a single network or subordinated to the single organization. They are scattered all over the territory of Latvia and active in almost all municipalities. The initiative groups are established in view of a specific objective. When the set objective is achieved, the initiative groups are either dissolved or reorganized into permanent organizations.

State aid

The State support is allocated in the form of subsidies in compliance with the annual decree by the Ministry of Agriculture “On State support to manufacturing of products in conformity with the EU quality requirements” for farmers’ education (self-governing organizations of rural youth and agriculture).

Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal documents:

- Law On Agriculture (24.10.1996);
- Concept of the agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme for agricultural development.

Latvia has presently prepared methodological recommendations concerning the procedure of establishment and organization of local initiative groups in rural areas. Within the project launched by the Council of Ministers of the Nordic and Baltic States, a micro-credit facility is envisaged for rural women to start self-employment.

Administrative structure

Currently to administrate LEADER programme the following institutional system is in place:

- **Rural Support Service** – *as from the date of accession to the EU will administrate the support under LEADER programme.*

The system ensuring administration of the LEADER programme in Latvia will be completely operational as from the moment of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of initiatives of rural development as well as assume responsibilities of a Member State as from the date of accession to the EU.
2. Identification of less favourable areas

Situation in the sector

Rural territory of Latvia is sparsely populated and heavily dependent on agricultural production. On 1 January 1999, the population of Latvia amounted to 2,439 million inhabitants, 69% of whom were urban population and 31% rural population, rural areas occupying approximately 93% of the total territory of Latvia. The average density of population in Latvia – 38.1 person/km², particularly low density is characteristic for districts situated far from the capital, for instance Ventspils district – 5.7, Aluksne district – 12.1 and Balvi district – 13.2 persons/km². In 1999, 16.7% of economically active population were employed in agriculture.

Big social economic and demographic differences exist in Latvia, as well as differences in natural conditions. Almost the whole territory of Latvia, excluding its central part, socially and economically is relatively underdeveloped, showing a negative demographic development. Opportunities of agricultural production, as well as the living standard of the population, are reducing in the direction from the central part of Latvia towards remote districts, particularly Eastwards. The most favourable conditions for the development of agricultural production are in Zemgale region as well as in Riga district and partly in Tukums district.

Forming uniform regions, and taking into account the uniformity principle applicable to identification of the less favoured regions in the EU Member States, Latvia could be divided into 5 different regions. Indicators characterizing regional types are shown in the table “Indicators characterizing five regional types”. In total, the defined 5 regions occupy 97.7% of the territory of Latvia and they are inhabited by 34.5% of the total population of the country.
<table>
<thead>
<tr>
<th>Indicators characterizing 5 regional types</th>
<th>Regions</th>
<th>Average in 5 regions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Region 1</td>
<td>Region 2</td>
</tr>
<tr>
<td>Number of population</td>
<td>67220</td>
<td>150795</td>
</tr>
<tr>
<td>Share in the total population % (01.01.1999.)</td>
<td>2.8</td>
<td>6.2</td>
</tr>
<tr>
<td>Territory (km²)</td>
<td>3232.7</td>
<td>4602.6</td>
</tr>
<tr>
<td>Share in the total territory</td>
<td>5.0</td>
<td>7.1</td>
</tr>
<tr>
<td>Density of population (pers/km²)</td>
<td>20.0</td>
<td>32.5</td>
</tr>
<tr>
<td>Demographic load (01.01.1998)</td>
<td>761</td>
<td>665</td>
</tr>
<tr>
<td>Share of population below working capacity in the total population % (01.01.1998)</td>
<td>22.5</td>
<td>19.2</td>
</tr>
<tr>
<td>Share of population in full working capacity in the total population, % (01.01.1998.)</td>
<td>56.8</td>
<td>60.1</td>
</tr>
<tr>
<td>Share of population above working capacity in the total population, % (01.01.1998.)</td>
<td>20.7</td>
<td>20.8</td>
</tr>
<tr>
<td>Unemployment level , % (01.01.1998.)</td>
<td>7.9</td>
<td>4.8</td>
</tr>
<tr>
<td>Income tax of population per capita , EUR/capita. (1998.)</td>
<td>58.3</td>
<td>108.3</td>
</tr>
<tr>
<td>Average weighted cadastral value of land (EUR/ha)</td>
<td>375</td>
<td>462</td>
</tr>
<tr>
<td>Land grading according to its quality</td>
<td>53.6</td>
<td>34.9</td>
</tr>
<tr>
<td>Land grading according to its quality multiplied by an average productivity of spring crops in the district</td>
<td>141.5</td>
<td>66.6</td>
</tr>
<tr>
<td>Share of agricultural holdings in the total number of land users , %*</td>
<td>29.8</td>
<td>8.7</td>
</tr>
<tr>
<td>Share of agricultural holdings in the total number of land users (for agricultural purposes), %*</td>
<td>39.4</td>
<td>27.4</td>
</tr>
<tr>
<td>Share of land areas cultivated by agricultural holdings in the total area of the region, %*</td>
<td>62.6</td>
<td>28.0</td>
</tr>
<tr>
<td>Share of land areas under household plots in the total area of the region, %*</td>
<td>8.5</td>
<td>13.2</td>
</tr>
<tr>
<td>Share of agricultural land (used for agricultural purposes) in the total land area , %*</td>
<td>65.7</td>
<td>28</td>
</tr>
<tr>
<td>Share of arable land (used for agricultural purposes) in the total area of the region, %*</td>
<td>59.7</td>
<td>20.2</td>
</tr>
<tr>
<td>Share of forests in the total area of the region, %*</td>
<td>23.6</td>
<td>52.5</td>
</tr>
<tr>
<td>Share of reclaimed land in the total agricultural land area (used for agricultural purposes), %*</td>
<td>89.4</td>
<td>61.8</td>
</tr>
</tbody>
</table>

* - in the cases of towns with rural territories only data concerning rural territories is used
Source: The Latvian State Institute of Agrarian economics

2 Zemgale region is the most favourable for agricultural production
3 Riga region
4 Latgale region
5 Central Vidzeme and South Kurzeme region
6 The less populated Kurzeme region
7 Regarding towns with rural territories data is used as at 01.01.2000.
Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal documents:

- Law On Agriculture (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme for agricultural development.

The national policy implies creation of conditions for an integrated, diverse and sustainable rural development.

Regarding the support programme “Diversification of economy, encouraging alternative income sources” included into SAPARD Rural Development Plan one of the support differentiation criteria is the location of the project implementation.

The Latvian State Institute of Agrarian Economics (LSIAE) has carried out a study “Assessment of the less favourable areas in accordance with the potential EU criteria and the position justification in negotiations with the EU”. The work is being continued on application of priority measures of support for solving the problems defined in the territories and pursuing the development targets set up in Latvia.

Taking into account spatial structure of Latvia and the principle of uniformity applied in the EU Member States with the view of focusing the support on the target territory, the support in Latvia will be differentiated on the basis of the administrative division into 5 different regions.

The status of less favourable area (LFA) will be granted to the whole rural territory of Latvia excluding Riga region and towns.

Articles 19 and 20 of the Council Regulation No 1257/99 provide the following: agriculture as the dominating sector with a low income level in all regions defined as LFA; relatively poor socio-economic conditions in rural territory (excluding the central part of Latvia), that promote migration to urban areas. Relatively unfavourable conditions for agricultural production are in Latgale, West Kurzeme regions and partly also in Central Vidzeme and South Kurzeme regions (Article 19). There are several nature protection territories in the above regions where agricultural activities are limited (Article 20).

Zemgale being the most favourable region for agriculture has also been included into LFA on the grounds that soil in this region is highly dependent on land reclamation systems, which are in a bad state and require large capital investments with the view of their gradual repairs and maintenance.

The support measures in other three regions would mainly include afforestation of agricultural land that is not quite suitable for agriculture, consolidation and mechanization of agricultural holdings, diversification of rural economic activities.

The support measures will be differentiated according to their priority needs in respect of the development facilitation and different intensity levels of support will be determined.

Administrative structure

Currently, there is the following institutional system ensuring administration of Less Favourable Areas:

- **Ministry of Agriculture** – elaboration of policy and legislation, implementation of acquis communautaire, development of the sectoral strategy;
- **Rural Support Service** – administration of LFA scheme.

The established system for administration of LFA will be completely operational as from the moment of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of Less Favourable Areas as well as assume responsibilities of a Member State as from the date of accession to the EU.
3. The investment support to agricultural enterprises and support to young farmers

a) The investment support to agricultural enterprises

Situation in the sector

Since 1994, the Ministry of Agriculture is implementing the investment support system in Latvia, which is focused on agricultural enterprises. The State support pattern is co-financing and to achieve the programme objectives, 20 - 30% of the project's expenditures are subsidised.

Amount of the investments to agricultural enterprises has increased but it is still insufficient. Though in 1999, the allocated sum for investments in agriculture was higher by 74.6% than in 1998, it could not cover the investment need in the sector as the total of the submitted project applications considerably exceeded the available amounts.

The total amount of foreign investments aggregated in the sector of agriculture and processing in 1999, was approximately 6% of the total amount of foreign investments. The major investments are channelled into the development of food industry but agriculture benefited from only 0.1% of the above amount.

As from 2001, modernization of processing will be supported by the EU SAPARD programmes within the framework of the Rural Development Plan in accordance with the following subprogramme:

- “Modernisation of agricultural machinery, equipment and buildings”.

Legal basis

- Law On Agriculture (24.10.1996), (1257/99/EC);
- Legal basis for the support allocation is State programme of agricultural subsidies for 2000 approved by the Cabinet of Ministers (1257/99/EC).

Administration structures

Currently, there is the following institutional system ensuring administration of the investment projects:

- Ministry of Agriculture – elaborates the investment policy in agriculture;
- Rural Support Service – administrates projects.

The established system for administration of investment support to agricultural enterprises will be completely operational as from the moment of accession to the EU.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of investment support to agricultural enterprises as well as assume responsibilities of a Member State as from the date of accession to the EU.

b) Investment support to young farmers

Situation in the sector

Regarding the unfavourable economic situation in agriculture and the low income level of farmers as compared to that in other sectors, only a small part of young farmers are developing agricultural holdings.

The support mechanism focused at the involvement of young farmers into agricultural production is started, as only 8.8% of the total population in the age from 20 to 40 years live in rural areas.

As from 2001, modernization of processing will be supported by the EU SAPARD programmes within the framework of the Rural Development Plan in accordance with the following subprogramme:

- “Modernisation of agricultural machinery, equipment and buildings”.

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State aid

The State support is allocated in the form of subsidies in compliance with the annual decree by the Ministry of Agriculture “On State support to manufacturing of products in conformity with the EU quality requirements” to rural youth and self-government organisations

Legal basis

- Law On Agriculture (24.10.1996), (1257/99/EC);
- Legal basis for the support allocation is the annual State programme of agricultural subsidies approved by the Cabinet of Ministers (1257/99/EC).

Administrative structure

Currently, there is the following institutional system ensuring administration of the investment projects:

- **Ministry of Agriculture** – elaborates the investment policy in agriculture;
- **Rural Support Service** – administrates projects.

The established system for administration of investment support to young farmers will be completely operational as from the moment of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of investment support to young farmers as well as assume responsibilities of a Member State as from the date of accession to the EU.

4. Vocational education

Situation in the sector

Vocational education in the sphere of agriculture in Latvia is carried out by the Agricultural Advisory and Training Support Centre (AATSC), 38 vocational education establishments, including 8 Agricultural Education Centres, the Latvian Agricultural University and professional associations of farmers. The Ministry of Agriculture has developed and implemented the system, which provides a life-long agricultural education with the certificates of completion of courses in compliance with the EU requirements.

State aid

Since 1998, the national subsidies in agriculture can obtain only producers of agricultural products who have acquired agricultural education at least of the first vocational qualification level. This condition has been incorporated into SAPARD programme for obtaining the support.

Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal documents:

- Law On Agriculture (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme for agricultural development.

By improving the structures of the AATSC and other Agricultural Education Centres, it will be possible to prepare agriculturalists for a quality reorientation of their production and to provide skills and knowledge, ensuring landscape conservation, environment protection and hygiene standards, animal welfare, management of economically viable farms, training practices of a sustainable forest management to forest owners and other persons involved in logging.
Legal basis

- Law On Vocational Education (10.06.1999), (1257/99/EC).

Administrative structure

Currently, there is the following institutional system ensuring vocational education in agriculture:

- **Ministry of Agriculture** – approves programmes for vocational education;
- **Rural Support Service** – administers the funding allocated to the programmes of vocational education;
- **Agricultural Advisory and Training Support Centre** – draws up programmes and carries out vocational education.

The established system for administration of vocational education in Latvia will be completely operational as from the moment of accession to the EU.

Position of Latvia

Latvia will implement in full the **acquis communautaire** in the area of vocational education as well as assume responsibilities of a Member State as from the date of accession to the EU.

5. Early retirement scheme

Situation in the sector

At the beginning of 1998, the population of Latvia amounted to 2.46 million, 69% living in urban areas, while 31% living in rural areas and occupying 93% of the total territory of Latvia. Introduction of the early retirement scheme would be one of the possible solutions of rural development problems as in Latvia. Comparing the age structure of people employed in agriculture with that in other sectors, it appears that the share of elderly people is prevailing in agriculture. As at 1998, there were 81 thousand farms where owners were above 55 years (53.5% of the total number), in the age group of 35 to 55 years – 60.4 thousand (40% of the total number), whereas in the age group below 35 years – only 9.8 thousand (6.5% of the total number). Demographic situation has a declining trend, less young farmers are joining the farming community. A comparatively low mechanization level, high production costs and low income level in agricultural production, limited possibilities to attract additional capital to the development of agriculture, comparatively inferior social and economic conditions for rural population are the factors keeping young people away from agriculture.

Sectoral policy and strategy

Despite the unfavourable situation, a special retirement system for elderly farmers does not exist - the same retirement system is applied to them as to those engaged in other sectors of economy. The support mechanism focused on involvement of young perspective people in agricultural production and facilitation of the retirement of elderly farmers has just now started to develop.

Administrative structure

The following institutional system might ensure the administration of the early retirement scheme:

- **The Ministry of Agriculture** – elaboration of policy and legislation, harmonisation of **acquis communautaire**;
- **The Rural Support Service** – as from the date of accession to the EU would administrate payments of aid within the Early Retirement Scheme.
Latvia reserves the right to introduce the early retirement scheme at a later stage.

6. Agri-environment

Situation in the sector

Agri-environment of Latvia is characteristic for its rich biological diversity. It is particularly marked at places where the mosaic type of landscape has been preserved, especially natural meadows and grasslands. Particularly significant are semi-natural meadows, which have been created in the result of durable human activities. According to approximate estimates, 1% of the Latvian territory is covered by semi-natural meadows, mainly in river valleys as well as in certain places in the seacoast zone. The major part of these areas has never been artificially fertilized, thus many biotops of endangered bird and plant species can be found there. There are about 40% of protected plant species in these meadows. Seacoast meadows are a significant habitat of such rare species of birds as Calidris alpina, Tringa totanus, Limosa limosa and Philomachus pugnax.

Populations of many species settled in natural and semi-natural meadows have reduced in number due to changes in land use. The existence of these species is endangered by overgrowing of the meadows, as 15.6% or 362 000 ha of agricultural land is not in use currently.

Several international and domestic research projects have confirmed that the landscape of Latvia encompasses populations of several species of birds strongly protected in Europe. For example, Ciconia ciconia population constitutes more than 10 000 couples. Aquila Pomarina, which is nesting on fringes of forests near fields and feeding on agricultural landscape, constitutes about 2 400 couples – 13% of the European population. In 1999, the agricultural land in Latvia was a natural habitat for 26 000 to 30 000 couples of Crex crex but the number of Falco tinnunculus and Circus cyaneus has considerably decreased during the last decades.

With the assistance of Avalon fund, proposals have been elaborated in respect of the State support to the development of agri-environment.

In order to avoid the unfavourable environmental impact of agriculture, “Rules of Good Agricultural practice” have been developed.

Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal documents:

- Law On Agriculture (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme for agricultural development.

Latvia is carrying out activities, and will continue to do so in future, concerning sustainable and environmentally friendly agricultural development. Activities of the sectoral policy are focused on reducing the negative environmental impact of agriculture by envisaging support to the agri-environment measures and organic farming, including the environment criteria into support measures as well as supporting research and international co-operation projects addressing these issues.

As from 2001, agri-environment measures will be supported by the EU SAPARD programmes within the framework of the Rural Development Plan in accordance with the following subprogramme:

- “Preservation of biodiversity and rural landscape".
Legal basis

- Law On Agriculture (24.10.1996);
- Law On Protection of Environment (06.08.1991, amended on 22.05.1997);
- Law On Assessment of Environmental Impact (14.10.1998), (85/337/EEC, 97/11/EC);
- Law On Green Belts (05.02.1997);

Administrative structure

Currently, the following institutional system is in place to ensure administration of agri-environment measures:

- **Ministry of Agriculture** – elaboration of policy and legislation, implementation of the EU *acquis communautaire*, development the sectoral strategy;
- **Ministry of Environmental Protection and Regional Development** – setting up legislation for environmental protection, implementation of the EU *acquis communautaire*;
- **Rural Support Service** – considers conformity of projects and administers utilization of the allocated resources.

The system of administration of agri-environmental measures in Latvia will be completely operational as from the moment of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of agri-environment as well as assume responsibilities of a Member State as from the date of accession to the EU.

7. Investment aid to modernization of processing and marketing of agricultural products

Situation in the sector

Food processing can be regarded as one of the most important sectors of industry, manufacturing about 35% of the total output of industries in Latvia. There are about 400 various food processing enterprises. The basic problem in the food industry is incongruity of products to the EU requirements in respect of hygiene, environment protection and animal protection. A number of food processing enterprises have outdated equipment and buildings, obsolete technologies, which cannot ensure the manufacturing of high quality products. A few enterprises have started modernization of their production making corresponding investments. As from 2001, modernization of the processing sector will be supported by the EU SAPARD programme within the Latvian Rural Development Plan in compliance with the following sub-programme:

- “Modernization of agricultural machinery, equipment and buildings”;
- “Marketing and processing improvement of agricultural and fisheries products.

Legal basis

- Law On Agriculture (24.10.1996), (1257/99/EC);
- The legal basis for the aid allocation is the annual State programme of agricultural subsidies approved by the Cabinet of Ministers (1257/99/EC).
Administrative structure

Currently, the following institutional system is in place to ensure administration of investment projects:

- **Ministry of Agriculture** – develops the investment policy in agriculture;
- **Rural Support Service** – administers the projects.

Administration system of the investment aid targeted at the modernization of processing and marketing of agricultural products will be fully operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of investment aid to the modernization of processing and marketing of agricultural products as well as assume responsibilities of a Member State as from the date of accession to the EU.

8. Forestry

Forests in Latvia is a significant source of natural resources to be continuously regenerated, and their utilization by forestry and timber industry in total contribute 14% to GDP. Forestry products are the basic export commodity of Latvia, constituting 40% of the total export volume. A successful forestry development has a favourable impact on economic situation in Latvia.

The Cabinet of Ministers adopted the Forest Policy on 28 April 1998. This ensures the implementation into the public administration of the forestry sector of the basic principles laid down by the Forest Policy and by the concept of the public administration reform, by setting apart the State administration functions from commercial activity.

Administrative structure

Currently, the following institutional system is in place to ensure administration of the forestry sector:

- **Ministry of Agriculture** – elaboration of policy and legislation implementation of the EU acquis communautaire;
- **State Forest Service** – surveillance and supporting functions;
- “**Latvia’s State Forests**, non-privatizable State Stock Company” – ensures the ownership functions in state forests.

The forestry administration system will be fully operational as from the date of accession to the EU.

a) Afforestation of low value fields

Situation in the sector

Due to decline in agricultural production, about 430 thousand ha of agricultural land is not used in Latvia, including 160 thousand ha overgrown with bushes and weeds. Thus, the value of land is degraded as well as rural landscape. One of the Forest Policy objectives is the encouraging of afforestation of land unused for agricultural or any other purposes. This principle will secure the increase in areas and proportion of forest land as well as valuable raw material for timber industry in future. In 1998 and 1999 there were about 500 ha of unused agricultural land afforested.

As from 2001, there will be the EU SAPARD programme aid available to modernization of the processing within the Latvian Rural Development Plan in compliance with the following sub-programme:

- “Afforestation of agricultural land”.
Legal basis

- Forest Law (24.02.2000), (1257/99/EC);
- Regulations of the Cabinet of Ministers No 354 On forest regeneration (10.10.1995), (1257/99/EC).

**By the end of 2002 the following Regulations of the Cabinet of Ministers will be adopted:**

- On afforestation and establishing plantation forests (1257/90/EC).

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of afforestation of low value agricultural land as well as assume responsibilities of a Member State as from the date of accession to the EU.

**b) Protection of forest ecosystems against air pollution damages**

**Situation in the sector**

To assess the impact of air pollution on forest ecosystems, Latvia is carrying out the regional and intensive monitoring of forests. The regional monitoring of forests (370 pattern fields) corresponds to the level 1 of ICP Forests – co-operation programme of the European States but the intensive monitoring (2 pattern fields) corresponds to the level 2 investigation programme of ICP Forests. 95 pattern fields of the regional forest monitoring are included into international bioindication network (16x16 km). A systematic monitoring is carried out there. In accordance with the Law On the State Forest Service, the forest monitoring is performed by the State Forest Service. The Forest Law lays down that the forest monitoring is financed from the general revenues section of the State budget.

**Legal basis**

- Law On the State Forest Service (adopted on 25.11.1999), (3528/86/EEC);
- Forest Law (adopted on 24.02.2000), (3528/86/EEC);

**By the end of 2002 the following Regulations of the Cabinet of Ministers will be adopted:**


**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of protection of forest ecosystem against air pollution as well as assume responsibilities of a Member State as from the date of accession to the EU.

c) Forestry statistics

**Situation in the sector**

Latvia has been submitting information to FAO European Forestry Commission, EUROSTAT and the UN/ECE Timber Committee already since the beginning of 1990’s. The following institutions in Latvia are assessing the information and statistics in respect of the forestry sector: Ministry of Agriculture, Ministry of Environmental Protection and Regional Development, Central Statistical Bureau, State Forest Service, State Land Service, Customs Department of the State Revenue Service, sectoral organizations.
Legal basis

- Forest Law (adopted on 24.02.2000), (1615/89/EEC, 1100/98/EC);

By the end of 2001 the following Regulations of the Cabinet of Ministers will be adopted:

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of forestry statistics as well as assume responsibilities of a Member State as from the date of accession to the EU.

d) Protection against forest fires

Situation in the sector

Depending on the growing conditions, forest stands in Latvia are divided into 5 classes of fire risks. Forest stands on sand and peat soils are the most endangered areas in respect of fire hazards which increase in summer.

In compliance with the Law On Fire Security, the Government of Latvia, the Ministry of Interior with its State Fire and Rescue Service, municipal institutions as well as heads of enterprises and organizations execute the fire security system within their scope of competency.

State Forest Service carries out the surveillance of fire security in forests and fire control in compliance with the Law On the State Forest Service.

Legal basis

- Forest Law (24.02.2000), (2158/92/EEC);
- Law On the State Forest Service (25.11.1999), (2158/92/EEC);
- Law On Fire Security (24.03.1992), (2158/92/EEC);
- Regulations of the Cabinet of Ministers No 440 On fire security (30.12.1997), (2158/92/EEC);
- Regulations of the Cabinet of Ministers No 438 On record keeping of fires and their consequences (24.11.1998), (2158/92/EEC);
- Regulations of the Cabinet of Ministers No 128 On co-operation between the State administration institutions and municipalities in extinguishing of forest fires (21.06.1994), (2158/92/EEC).

By the end of 2001 the following Regulations of the Cabinet of Ministers will be adopted:
- On circulation of the State Forest Register information. It will lay down procedure and volume of the information to be submitted on forest damages, including those caused by fires (804/94/EC).

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of forest protection against fires as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations.

Latvia requests to include its territory into a medium fire risk category in compliance with the Regulation (EEC) No 2158/92, taking into account the implementation procedure provided by the EU legislation.
**Justification of the position**
The territories of Latvia characteristic for a high fire risk are forest stands on sand and peat soils – close to the Baltic Sea and the Gulf of Riga as well as in the vicinity of big cities – Riga, Daugavpils, Jelgava, Ventspils, etc. The fire risk increases there in summer.

**D. Veterinary and phytosanitary control**

**a) Veterinary issues**

Currently, the following institutional system is in place to ensure administration of veterinary issues:

- **Ministry of Agriculture** – elaboration of policy and legislation, implementation of the EU *acquis communautaire* in veterinary sector. Since 1 January 2000 there is the Veterinary and Food Department with the Veterinary Division (7 persons, more people planned from year 2001) established within the Ministry of Agriculture.

- **State Veterinary Service** (institution subordinated to the Ministry of Agriculture) – consists of the central body, the district veterinary departments (27) and the network of veterinary laboratories (the State Veterinary Medical Diagnostic Centre, 14 regional and district veterinary laboratories). On 1 January 2000, the State Veterinary Service employed 743 people, 152 of them are performing the administrative functions, 343 – the surveillance functions but the remaining 248 persons are technical staff.

- **Sanitary Border Inspection** (institution subordinated to the Ministry of Agriculture) – consists of the administration (34 persons) and the sanitary border control posts (221 persons) on motor roads, railways, in ports, customs warehouses, the airport and in the Post Office. The Sanitary Border Inspection is performing not only veterinary border control functions but also checks of consignments subjected to phytosanitary and sanitary hygiene (safety) control.

- **State Forest Service** (institution subordinated to the Ministry of Agriculture) – takes measures in respect of protection of game animals.

- **State Pedigree Inspection** (institution subordinated to the Ministry of Agriculture) – controls compliance with the zoo-technical legal requirements, carries out controlling and surveillance functions according to the procedure provided by the Law On Pedigree Activities.

- **State Breeding Information Data Processing Centre, Ltd** – carries out collection, maintenance and storing of the data information in respect of pedigree and breeding issues, develops and updates the herd and animal register, allocates identification numbers to animals and carries out processing of recording data for different animal species.

- **Organizations of animal breeders** – in accordance with breeding programmes approved by the State in respect of particular species, ensures the implementation of the appropriate breeding programme, evaluation of animals, updating of the Herd Book, issuing of pedigree documents and organization of animal recording. Organizations of animal breeders in Latvia are enterprises owned and supervised by animal breeders, their competence is recognized by the State Pedigree Inspection in compliance with the effective legislation.

**1. Veterinary control of domestic market and control of imports from third countries**

**Situation in the sector**

There are two institutions authorized to carry out veterinary control in Latvia:

1. State Veterinary Service, performing internal veterinary control in the country under supervision of the Ministry of Agriculture and in compliance with the Law On Veterinary Medicine;
2. Sanitary Border Inspection, being the institution subordinated to the Ministry of Agriculture, carries out veterinary control on the State borders in compliance with the authorization by the Cabinet of Ministers.
Thus veterinary control is carried out by both by the State Veterinary Service and the Sanitary Border Inspection, however, by the date of accession, the institutional structure will conform to requirements of the EU horizontal directives in respect of veterinary legislation. In order to transport animals and products of animal origin within the territory of Latvia or outside, it is necessary to obtain the accompanying documents referred to in legal acts. In case of danger to human or animal health (infectious diseases, etc.), the transport of animals or animal products shall be restricted in compliance with the eradication and preventive instructions of infectious animal diseases or other legal acts.

In accordance with the Law On Veterinary Medicine, the State Veterinary inspectors have the right to inspect animal rearing premises and enterprises, to check means of transport and documentation, to take samples for laboratory examinations, to suspend or prohibit distribution of animals or animal products, as well as to take other steps necessary for veterinary control.

Issues on beef marking are referred to in Part B paragraph 9 (a) “Bovine animals and veal”.

**Legal basis**

- Code of Administrative Misconduct (07.12.1984);
- Regulations of the Cabinet of Ministers No 148 Regulation on the Sanitary Border Inspection (15.04.1997), (90/496/EEC, 97/78/EC, 72/426/EEC);
- Regulations of the Cabinet of Ministers No 217 List of goods subject to control by Sanitary Border Inspection and the Control Procedure (27.06.2000), (91/496/EEC, 97/78/EC);
- Regulations of the Cabinet of Ministers No 220 On importing procedure of milk and dairy products to Latvia (25.08.1998), (92/46/EC, 97/78/EC);
- Regulations of the Cabinet of Ministers No 174 On importing procedure of meat to Latvia (11.05.1999), (97/78/EC, 72/462/EEC, 94/381/EC, 94/474/EC, 96/239/EC);
- Regulations of the Cabinet of Ministers No 10 Registration procedure of animals and herds (13.01.1998), (92/102/EEC);
- Regulations of the Cabinet of Ministers No 300 Provisions in respect of furnishing places for veterinary and sanitary hygienic checks on means of transport and consignments at the border control post (24.08.1999), (97/78/EC);
- Instruction by the Ministry of Agriculture No 312 Price-list for service charges by the State Veterinary Service (08.10.1997).

**By the end of 2001 the following legal acts will be adopted:**

- Regulations of the Cabinet of Ministers On standard veterinary control certificate and its completion procedure in respect of consignments crossing the State border (96/93/EC, 97/78/EC, 93/13/EC, 93/14/EC);
- Regulations of the Cabinet of Ministers On veterinary surveillance and control of import and transit consignments at border control posts, free zones and customs warehouses (97/78/EC, 93/13/EC, 93/14/EC, 91/496/EEC).

**Position of Latvia**

Latvia will implement in full the acquis communautaire in the area of veterinary control of domestic market and control of imports from third countries as well as assume responsibilities of a Member State as from the date of accession to the EU.
2. Expenditures in veterinary field and 3. Eradication measures of animal diseases

Situation in the sector

The competent authority carrying out control functions in respect of infectious animal diseases in Latvia is the State Veterinary Service, which acts according to the Law On Veterinary Medicine and other legal acts. In cases of the outbreak of a disease, measures necessary to control the disease and animal movement restrictions are identified in accordance with the instructions concerning eradication and prevention of infectious animal diseases or other legal acts.

Legal basis

- Code of Administrative Misconduct (07.12.1984);
- Regulations of the Cabinet of Ministers No 323 on List of infectious animal diseases (25.08.1998), (82/894/EEC);
- Regulations of the Cabinet of Ministers No 251 on Regulations on registration of aquaculture animal hatcheries, confirmation of river basin zone, infectious disease control in hatcheries and river basin zones, and the requirements applicable to aquaculture animal placing on the market” (14.07.1998), (91/67/EEC, 93/53/EEC).

Instructions issued by the State Veterinary Service:

- “Instruction on eradication and prophylactic measures in respect of tuberculosis” (77/391/EEC);
- “Instruction on eradication and preventive measures in respect of brucellosis” (77/391/EEC);
- “Instruction on eradication and preventive measures in respect of pasteurellosis”;
- “Instruction on eradication and preventive measures in respect of Aujeszky’s disease” (15.07.1997);
- “Instruction on eradication and preventive measures in respect of rabies” (15.03.1994), (90/638/EEC);
- “Instruction on eradication and preventive measures in respect of pasteurellosis”;
- “Provisional instruction on eradication and preventive measures in respect of leptospirosis”;
- “Instruction on eradication and preventive measures in respect of classical swine fever” (08.11.1995), (80/217/EEC);
- “Instruction on eradication and preventive measures in respect of Teschen disease” (19.12.1995);
- “Instruction on eradication and preventive measures in respect of swine parvovirus infection” (08.11.1995);
- “Instruction on eradication and preventive measures in respect of enzootic bovine leucosis” (15.03.1994), (77/391/EEC);
- “Instruction on eradication and preventive measures in respect of infectious bovine rhinotracheitis” (17.08.1994);
- “Instruction on eradication and preventive measures in respect of equine infectious anaemia”(15.11.1994);
- “Instruction on eradication and preventive measures in respect of maleus” (15.12.1997).

By the end of 2000 the following legal act will be adopted:

- Law On Veterinary Medicine, including provisions concerning establishment of the compensatory fund and compensatory mechanism for eradication of animal infectious diseases (90/424/EEC).
By the end of 2002 the following legal acts will be adopted:
- Contingency plans in respect of group A infectious animal diseases (91/42/EEC; 92/119/EEC);
- Provisions for eradication of epizootic diseases.

Position of Latvia

By the end of 2002 the following legal acts will be adopted:
- Contingency plans in respect of group A infectious animal diseases (91/42/EEC; 92/119/EEC);
- Provisions for eradication of epizootic diseases.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of animal infectious disease control as well as assume responsibilities of a Member State as from the date of accession to the EU.

4. Animal health – trade in live animals and products of animal origin

Situation in the sector

Basic condition of the Single EU market in respect of trade in animals, semen, ova and embryos is the compliance with zootechnical and veterinary requirements of the EU. The competent authority, which controls the trade in animals, semen, ova and embryos in respect of animal health in Latvia is the State Veterinary Service, which acts on the basis of the Law On veterinary medicine and other legal acts.

To sell animals and products of animal origin in the territory of Latvia or outside Latvia, it is necessary to obtain accompanying documents provided for by legal acts. If any risk arises to human or animal health (infectious diseases, etc.), the trade in animals or animal products shall be restricted in compliance with the instructions on eradication and prevention of infectious animal diseases or other legal acts.

In accordance with the Law On Veterinary Medicine, the State veterinary inspectors have rights to carry out inspection on animal rearing systems, enterprises, to check means of transport and documentation, to take samples for laboratory examinations, to suspend or prohibit distribution of animals or animal products as well as to take other actions necessary for veterinary control.

Legal basis

- Code of Administrative Misconduct (07.12.1994);
- Regulations of the Cabinet of Ministers No 323 on List of infectious animal diseases (25.08.1998), (82/894/EEC);
- State Veterinary Service requirements in respect of imports of live animals into the Republic of Latvia;
- State Veterinary Service requirements in respect of imports of animal semen into the Republic of Latvia;
- Action Plan of the State Programme 0402 of the Republic of Latvia On eradication and prevention of animal infectious diseases (17.12.1999);

By the end of 2002 the following legal acts will be adopted:
- Contingency plans in respect of group A infectious animal diseases (91/42/EEC, 92/119/EEC);
- Provisions for eradication of epizootic diseases.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of the trade in animals, semen, ova and embryos as well as assume responsibilities of a Member State as from the date of accession to the EU.
5. Food of animal origin – conformity of the enterprises involved in foodstuff’s circulation to the requirements.

Situation in the sector

**Milk and dairy products**

The annual milk yield in Latvia is 800 - 900 thousand tons of raw milk, half of which is delivered to dairies for processing. On 1 January 2000, there were 16 456 dairy farms registered in Latvia with the number of dairy cows – 206 623. There are 72 milk processing enterprises (as at 30.06.2000) under surveillance of the State Veterinary Service, 13 of them - with 24 hours processing capacity above 50 t, 24 enterprises - with 24 hours processing capacity of 10 - 50 t, 35 - enterprises with milk processing capacity up to 10 t as well as 38 milk collection points. 10 milk processing plants are on the list of enterprises of third countries entitled to export their products to the EU Member States (European Commission Decision of 25 March 1997 No 97/252/EEC).

As from 2001, modernization of milk production and processing enterprises as well as slaughterhouses will be supported by the EU SAPARD programmes within the framework of the Rural Development Plan in accordance to the following sub-programmes:

- “Marketing improvement of processed agricultural and fishery products’
- “Modernisation of agricultural machinery, equipment and buildings”

**Fishery products**

Operation of fishing and fish processing enterprises has a particular significance in a regional context as traditionally the enterprises which are situated on the coast of the Baltic Sea and the Gulf of Riga are involved in fishing and fish processing. In coastal villages and towns fishing and fish processing enterprises employ the local population and people from the vicinity as well as these enterprises are the biggest tax payers to the budget of local municipalities. As on 01.01.2000, there were 13 430 employed in the sector. Fishing in the Baltic Sea and the Gulf of Riga beyond the coastal zone is carried out by 250 fishing vessels, 12 fishing vessels are involved in the high seas fishing. There are 114 enterprises dealing with fish processing under surveillance of the State Veterinary Service. A great number of enterprises are producing similar products – canned fish, the proportion of which in the total output of processed fish amounts to about 49%

Latvia is enlisted among third countries, which are entitled to exports of their fisheries products for human consumption to the EU (European Commission Decision of 21 December 1999 No 2000/88/EC). Currently, 9 fish processing enterprises and 4 refrigerator ships are on the list approved by the European Council entitling them to exports of fisheries products to the EU (European Council Decision of 21 December 1999 No 2000/88/EC). There are no enterprises processing bivalve molluscs and cephalopods in Latvia. Requirements in respect of the trade in bivalve molluscs comply with the EU Directive 91/492/EEC.

As from 2001, modernization of production and processing enterprises of fisheries products will be supported by the EU SAPARD programmes within the framework of the Rural Development Plan in accordance to the following subprogramme:

- “Marketing improvement of processed agricultural and fisheries products”.

**Eggs and egg products**

There is a single egg producing enterprise in Latvia, which partly fulfils the EU requirements.
**Meat and meat products**

**1. Fresh (frozen) meat**

There are 42 large-scale slaughter-houses (capacity of one slaughter-house exceeds 20 animal units per week or 1000 animal units per year) and 280 small-scale slaughter-houses under surveillance of the State Veterinary Service. 57% of the total number of slaughtered animals are slaughtered in large-scale slaughter-houses. Latvia is characteristic for multifunctional meat cutting and meat production enterprises. 17 large-scale slaughter-houses and 12 small-scale slaughter-houses have meat cutting plants and meat production plants. There is one specialized pig slaughter-house, the others are slaughtering different species of animals. There are 37 large-scale meat cutting plants (capacity of one plant exceeds 5000 kg of boneless meat per week) and 122 small-scale meat cutting plants, incorporated into the multifunctional enterprises.

As from 2001, modernization of production and processing enterprises of meat and meat products will be supported by the EU SAPARD programmes within the framework of the Rural Development Plan in accordance with the following subprogramme:

- "Marketing improvement of processed agricultural and fisheries products".

**2. Fresh poultry meat**

Under surveillance of the State Veterinary Service are 3 large-scale poultry slaughter-houses, 7 small-scale poultry slaughter-houses, 1 large-scale poultry meat cutting plant.

**3. Minced meat and meat preparations**

Under surveillance of the State Veterinary Service are 32 cutting plants where minced meat and meat preparations are produced and 1 enterprise where only minced meat is produced.

**4. Meat products**

Under surveillance of the State Veterinary Service there are 28 large-scale enterprises and 131 small-scale enterprise dealing with both meat cutting and manufacturing of meat products.

**5. Wild game meat and farmed game meat processing enterprises**

Under surveillance of the State Veterinary Service there are 1 wild game processing plant and 11 game collection centres. The wild game processing plant is enlisted among third countries entitled to export of their products to the EU Member States (European Commission Decision of 17 December 1999 No 2000/76/EEC). 7 collection centres meet the EU requirements.

**Other products of animal origin**

On 1 January 2000 there were 18 enterprises which render animal waste, 4 enterprises manufacturing dairy products not intended for human consumption, 6 animal skinprocessing facilities, 5 enterprises manufacturing feed for pet animals from low risk animal waste, 1 enterprise manufacturing protein for human consumption, 12 enterprises manufacturing protein for animal consumption, 12 fat rendering plants, 1 enterprise treating hunting trophies, 2 enterprises producing unprocessed wool, hair, bristle, feathers and parts of feathers, 1 enterprise manufacturing gelatine for human consumption, 20 egg production (collection) enterprises, 9 enterprises producing animal guts for sausage casings, 4 honey production (packing) enterprises as well as 2 enterprises manufacturing bee products for apiculture purposes.
Legal basis

- Law on Foodstuff’s Circulation (19.02.1998);
- Code of Administrative Misconduct (07.12.1984);
- Law on Pharmacy (10.04.1997);
- Law on the Cabinet of Ministers Procedures (15.07.1993);
- Regulations of the Cabinet of Ministers No 221 on division of authority between the Ministries, ensuring the State surveillance of foodstuff’s circulation;
- Regulations of the Cabinet of Ministers No 292 on food contamination;
- Regulations of the Cabinet of Ministers No 130 on Hygiene requirements in foodstuff’s circulation (14.04.1998), (93/43/EEC);
- Regulations of the Cabinet of Ministers No 63 on Compulsory safety requirements of potable water (23.02.1999), (80/778/EEC, 98/83/EEC);
- Regulations of the Cabinet of Ministers No 143 on Veterinary provisions in respect of animal slaughter and production of slaughter products at small-scale slaughterhouses (21.04.1998), (64/433/EEC);
- Regulations of the Cabinet of Ministers No 329 on Veterinary provisions in respect of animal slaughter and production of slaughter products at large-scale slaughterhouses (31.08.1998), (94/45/EC, 91/495/EEC);
- Regulations of the Cabinet of Ministers No 89 on Hygiene requirements for production and placing on the market of fishery products (17.02.1999), (91/493/EEC);
- Regulations of the Cabinet of Ministers No 220 on procedure of imports to Latvia of milk and dairy products (25.08.1998), (92/46/EC un 97/78/EC);
- Regulations of the Cabinet of Ministers No 174 on procedure of meat imports to Latvia (11.05.1999), (97/78/EC, 72/462/EEC, 94/381/EC, 94/474/EC un 96/239/EC);
- Regulations of the Cabinet of Ministers No 170 on circulation of eggs (11.05.1999);
- Regulations of the Cabinet of Ministers No 265 on Hygiene requirements for the production and placing on the market of live bivalve molluscs (20.07.1999), (91/492/EEC);
- Regulations of the Cabinet of Ministers No 347 on Compulsory safety requirements in respect of cow milk supplied for processing (12.10.1999), (92/46/EEC);
- Regulations of the Cabinet of Ministers No 214 on Hygiene requirements in respect of storing and transport of meat and meat products (27.06.2000), (94/45/EC, 77/99/EEC, 94/65/EEC);
- Regulations of the Cabinet of Ministers No 282 on Circulation of egg products (15.08.2000), (92/46/EEC);
- Regulations of the Cabinet of Ministers No 140 on Compulsory safety and labelling requirements for honey (11.04.2000, in force from 01.01.2002).

By the end of 2001 the following Regulations of the Cabinet of Ministers will be adopted:

- “Hygiene requirements in respect of meat cutting” (64/433/EEC);
- “Hygiene requirements in respect of production and marketing of minced meat and meat products” (94/65/EC);
- “Hygiene requirements in respect of manufacturing and trade in meat products” (77/99/EEC);
- “Hygiene and veterinary requirements in respect of production and marketing of poultry meat” (71/118/EEC);
- “Requirements in respect of ante- and post mortem expertise” (64/433/EEC, 92/45/EEC, 91/495/EEC);
- “On production of thermally untreated milk” (92/46/EEC);
- “Hygiene requirements in respect of production and marketing of thermally treated milk and dairy products” (92/46/EEC).
Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of production and processing of animal products as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

1. The EU legal act:

   Latvia requests a transition period until 1 January 2006 in respect of milk intended for processing; during transition period, admissible limit of somatic cell count and bacteria count in milk will be reduced gradually until they comply with the requirements laid down in the Directive 92/46/EEC, in accordance to the time frame established by the Regulations of the Cabinet of Ministers No 347 of 12 October 1999 on Compulsory safety requirements in respect of cow milk intended for processing.

   Justification of the position

   Currently, milk in Latvia is produced and processed at small-scale farms and enterprises with an insufficient profit level, preventing them from improvement of the necessary milk production and processing conditions in a short time. The planned number of dairy cows is 220,000 heads. Introduction of the above requirements within a shorter time span would create undesirable social and economic consequences.

   Therefore, the Regulations of the Cabinet of Ministers of 12 October 1999 on Compulsory safety requirements in respect of cow milk intended for processing provide that the admissible limit of somatic cell and bacteria count (figures per 1 ml) in milk will be reduced by 1 January 2006 and according to the following schedule:
   - until 1 June 2000 – the total bacteria count (plates, 30 C) – no more than 400,000 (a), somatic cell count – no more than 75,000 (b);
   - until 1 January 2001 - the total bacteria count (plates, 30 C) – no more than 200,000 (a), somatic cell count – no more than 75,000 (b);
   - until 1 January 2002 - the total bacteria count (plates, 30 C) – no more than 150,000 (a), somatic cell count – no more than 75,000 (b);
   - until 1 January 2003 - the total bacteria count (plates, 30 C) – no more than 100,000 (a), somatic cell count – no more than 50,000 (b);
   - until 1 January 2004 - the total bacteria count (plates, 30 C) – no more than 75,000 (a), somatic cell count – no more than 50,000 (b);
   - until 1 January 2005 - the total bacteria count (plates, 30 C) – no more than 50,000 (a), somatic cell count – no more than 40,000 (b);
   - until 1 January 2006 - the total bacteria count (plates, 30 C) – no more than 30,000 (a), somatic cell count – no more than 40,000 (b);

2. The EU legal act:

   Latvia requests a transition period until 1 January 2005, in respect of structural requirements for enterprises, to carry out the optimization of the number of enterprises and their technical modernization, including construction of new enterprises, at the same time closing down the outdated ones.
**Justification of the position**
Currently, milk in Latvia is produced and processed at small-scale farms and enterprises with an insufficient profit level, preventing them from improvement of the necessary milk production and processing conditions in a short time. The planned number of dairy cows is 220,000 heads. From the total of 72 milk processing plants subjected to surveillance by the State Veterinary Service, 10 plants comply with the requirements set by the Directive 92/46/EEC, the remaining 62 plants partly comply with the EU requirements, 20 of them are probable for implementation of the EU requirements in full. Introduction of the above requirements within a shorter time span would create undesirable social and economic consequences.

3. **The EU legal act:**

**Latvia requests a transition period until 1 January 2005, in respect of the structural requirements for fishing vessels and fish processing enterprises, to carry out renovation of fishing vessels and their technical modernization, optimisation of the number of enterprises and their technical modernisation, including construction of new enterprises, at the same time closing down the outdated ones.**

**Justification of the position**
114 fish processing enterprises are under supervision of the State Veterinary Service. Fishing in the Baltic Sea and the Gulf of Riga beyond the coastal zone is carried out by 250 fishing vessels, 12 fishing vessels are involved in the high seas fishing. Basically "Baltica" and MSTB type of fishing vessels with an average age over 23 years are fishing in the Baltic Sea and the Gulf of Riga, consequently the fishing fleet needs modernization. Currently 9 fish processing enterprises and 4 refrigerator ships are on the list approved by the European Council entitling them to export of fisheries products to the EU (European Council Decision of 21 December 1999 No 2000/88/EC). Other enterprises partly comply with the EU requirements. Introduction of the above requirements within a shorter time span would create undesirable social and economic consequences.

4. **The EU legal act:**

**Latvia requests a transition period until 1 January 2006 in respect of the structural requirements laid down for enterprises to carry out optimization of their number and their technical modernization, including construction of new enterprises at the same time closing down the outdated ones.**

**Justification of the position**
Currently, meat production at a large number of small-scale slaughterhouses does not ensure their efficient operation and a full utilization of existing capacities, it results in insufficient income level, preventing them from improvement of the necessary meat production and cutting conditions in a short time. Requirements laid down by the EU have been partly implemented in large-scale slaughterhouses and 255 small-scale slaughterhouses but in 25 small-scale slaughterhouses implementation of the EU requirements has not even been started. The EU requirements are partly implemented in large-scale cutting plants and 118 small-scale meat cutting plants. On 4 small-scale meat cutting plants implementation of the EU requirements has not started.

There are 42 large-scale and 306 small-scale slaughterhouses as well as 37 large-scale meat cutting plants and 122 small-scale cutting plants subjected to the surveillance by the State Veterinary Service. Introduction of the above requirements within a shorter time span would create undesirable social and economic consequences.
5. The EU legal act:

Latvia requests a transition period until 1 January 2006, in respect of structural requirements laid down for enterprises to carry out optimization of their number and their technical modernization, including construction of new enterprises at the same time closing down the outdated ones.

Justification of the position
Currently, the poultry meat production and processing does not ensure an efficient operation of the enterprises and a full utilization of existing capacities, it results in insufficient income level, preventing them from improvement of the necessary poultry meat production and processing conditions in a short time. There are 3 large-scale and 7 small-scale poultry slaughterhouses subjected to the surveillance by the State Veterinary Service. Presently, 1 enterprise meets the EU requirements; it has a large-scale slaughterhouse as well as a large-scale meat cutting plant. Other enterprises partly comply with the EU requirements. Introduction of the above requirements within a shorter time span would create undesirable social and economic consequences.

6. The EU legal act:

Latvia requests a transition period until 1 January 2006 in respect of structural requirements laid down for enterprises to carry out optimization of their number and their technical modernization, including construction of new enterprises at the same time closing down the outdated ones.

Justification of the position
Currently, the meat processing volume does not ensure efficient operation of the enterprises and a full utilization of the existing capacities, it results in insufficient income level, preventing the enterprises from improvement of the conditions necessary for production of minced meat and meat preparations in a short time. Minced meat and meat preparations are produced on 32 meat cutting plants in respect of which the transition period is required for modernization and optimization of their number. One of the plants produces only minced meat. Introduction of the above requirements within a shorter time span would create undesirable social and economic consequences.

7. The EU legal act:

Latvia requests a transition period until 1 January 2006, in respect of structural requirements laid down for enterprises to carry out optimization of their number and their technical modernization, including construction of new enterprises at the same time closing down the outdated ones.

Justification of the position
Currently, meat processing volume does not ensure efficient operation of the enterprises and a full utilization of existing capacities, it results in insufficient income level, preventing the enterprises from improvement of the conditions necessary for manufacturing of meat products. 28 large-scale and 131 small-scale meat processing plants where meat cutting as well as manufacturing of meat products is carried out are subjected to the surveillance by the State Veterinary Service; 155 of these plants partly meet the EU requirements. Introduction of the above requirements within a shorter time span would create undesirable social and economic consequences.
6. General measures

Situation in the sector

Since 1998 and in compliance with the Directive 93/23/EEC on control of residues in live animals and products of animal origin, the residue control programme is drawn up every year. Based on it the State Veterinary Service carries out residue control, which is financed from the State budget. Meanwhile, examinations of eggs, honey and rabbits are not covered by the residue control programme. The programme has been provisionally approved by the Commission decision No 2000/159/EC of 8 February 2000.

In the Republic of Latvia:
1) is prohibited administration of stilbenes, stilbene derivates and thyrostatic substances to animals;
2) is prohibited administration of pharmaceuticals, containing cow somatotrophin (BSE) to dairy cows;
3) restrictions exist in respect of administration of oestrogenic, androgenic, gestagenic and beta-agonist effect to productive animals.

Manufacturing of medicated animal feeding is allowed to persons having the license for veterinary pharmaceutical activities. The medicated animal feeding is permitted to use only on prescription by the licensed veterinarian.

Control of zoonosis in Latvia is performed by the State Veterinary Service and institutions subordinated to and supervised by the Ministry of Welfare – the National Environmental Health Centre and the regional environmental health centres as well as laboratories included into structural network of the mentioned bodies. The aforementioned institutions are successfully co-operating in the area of zoonosis control and information exchange (information is available on the following diseases – tuberculosis, brucellosis, leptospirosis, Anthrax, salmonellosis, rabies, trichinellosis, toxiplasmosis, virus encephalitis, dermatophytosis, dysphylbotrosis, E-coll, echinococcosis, jersiniosis, campylobacteriosis, scabies, maleus, melioidisis, ornitosis, Q-fever, pasteurellosis, tularemia. Complete information has been collected on the cases of zoonosis over the last five years.

The State Veterinary Service has elaborated control programmes in respect of certain zoonosis.

To sell poultry eggs and meat, the herd shall be regularly examined for salmonellosis. Currently, there are only low risk animal waste rendering enterprises in this country, supplied by animal origin food industry. These enterprises do not comply with requirements of the EU legislation. In co-operation with the Danish experts, feasibility study has been started concerning funding sources and conditions to construct in Latvia one high risk animal waste rendering plant.

Legal basis

- Law On Foodstuff’s Circulation (19.02.1998);
- Law On Pharmacy (10.04.1997);
- Regulations of the Cabinet of Ministers No 293 On maximally admissible amounts of pesticide residues in animal products (20.08.1999), (90/642/EEC);
- Regulations of the Cabinet of Ministers No 264 On maximally admissible amounts of residues of veterinary pharmaceuticals in animal products (08.08.2000), (2377/90/EEC);
By the end of 2001 the following legal acts acts will be adopted:

- Regulations of the Cabinet of Ministers On residue control (96/23/EEC);
- Regulations of the Cabinet of Ministers On animal waste rendering (90/667/EEC);
- Regulations of the Cabinet of Ministers On surveillance and control procedure of zoonosis (92/117/EEC).

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of general veterinary issues as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding requirements in respect of rendering and disposal of high and low risk animal waste.

The EU legal act:


Latvia requests a transition period until 1 January 2005 to implement requirements laid down by the Directive 90/677/EEC.

Justification of the position

Latvia has to set up the enterprises rendering low risk waste, complying with the above-mentioned Directive requirements but regarding the high risk waste rendering, Latvia would like to enhance co-operation with the European Union Member States and is considering the possibility to conclude an agreement on the rendering of high risk waste in one of these countries. In case the necessary investments are attracted in a short term, Latvia is ready to change the duration of the required transition period.

7. Animal well-being

Situation in the sector

From 01.01.2000, the law On Animal Protection came into force in Latvia. The law lays down the minimum requirements to be observed by the man in relationship with animals, establishes the basic principles for handling agricultural, domestic, pet animals, animals used for experiments and other scientific purposes, wild animals, animals used in service and racing. The law has been elaborated to ensure animal protection, to lay down the basic well-being requirements, to establish the rights and responsibilities of persons in the area of animal protection and lays down basic legal acts necessary for implementation, surveillance and control of requirements provided by the law. Surveillance and control of the compliance with provisions of the law shall be the competence of institutions subordinated to or supervised by the Ministry of Agriculture and the Ministry of Environment and Regional Development.

Animal slaughter

As at 01.01.2000, there were 42 large-scale and 280 small-scale slaughterhouses in Latvia. Requirements of the EU legal acts documents have been partly introduced in all slaughterhouses but in none of them completely. Basically, slaughterhouses do not meet the requirements laid down in Annexes A and C of the Directive 93/119/EEC – animal pre-slaughter protection rules and during slaughter.

As from 2001, modernization of slaughterhouses will be supported by the EU SAPARD programmes within the framework of the Rural Development Plan in accordance to the following subprogramme:

- "Marketing improvement of processed agricultural and fisheries products".
**Keeping of calves and pigs**

A lot of animal sheds where calves and pigs are kept do not meet animal well-being requirements established by the EU directives.

**Keeping of hens**

All enterprises running industrial egg production, keep laying hens in battery cages, meeting the current EU requirements.

**Legal basis**

- Code of Administrative Misconduct (07.12.1994);

**By the end of 2002 the following legal acts will be adopted:**

- Regulations of the Cabinet of Ministers On well-being requirements in respect of pig keeping (91/630/EEC);
- Regulations of the Cabinet of Ministers On well-being requirements in respect of keeping of calves (91/629/EEC);
- Regulations of the Cabinet of Ministers On protection of animals intended for slaughter (93/119/EEC);
- Regulations of the Cabinet of Ministers On keeping of laying hens;
- Regulations of the Cabinet of Ministers On keeping and utilization procedure of animals used in experiments and for scientific purposes.

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of animal well-being as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

1. The EU legal act:

Latvia requests a transition period until 1 January 2010 in respect of fulfilling animal well-being requirements to carry out reconstruction and improvement arrangements, ventilation and heating installations in calf sheds and pig barns constructed before 31 December 2002.

**Justification of the position**

Requirements of the EU legal acts documents will be transposed into the Latvian law by 31 December 2002. Currently, there are in Latvia 12029 animal (above 5 in number) sheds constructed mainly in the 50-ies to 70-ies. Immediate reconstruction of all sheds to comply with the EU requirements requires considerable time and financial resources.
2. The EU legal act:

Latvia requests the transition period until 1 January 2005 in respect of fulfilling animal well-being requirements to carry out optimization of the number of slaughterhouses and their modernization, including construction and fitting out of new slaughterhouses in compliance with the Directive 93/119/EEC, taking into account animal protection rules in pre-slaughter period and during slaughter.

Justification of the position
As at 01.01.2000, there were 42 large-scale and 280 small-scale slaughterhouses in Latvia. Requirements of the EU legal acts documents have been partly introduced in all slaughterhouses but in none of them – completely. Currently, animal slaughtering at small-scale slaughterhouses (43% of the total number of slaughtered animals) does not ensure an efficient operation of the enterprises and a full utilization of existing capacities, it results in insufficient income level, preventing them from improvement of the necessary production conditions in a short time. Otherwise, animal protection rules in pre-slaughter period and during slaughter would be met.

3. The EU legal act:

Latvia requests a transition period until 1 January 2006 in respect of animal protection during transport, to build the rest places for animals in compliance with the requirements laid down by 91/628/EEC.

Justification of the position
The Council Directive No 91/628/EC of 19 November 1991 on animal protection during transport as well as Regulations adopted by the Cabinet of Ministers (05.09.2000) provide that animals after a certain time of transportation shall be given rest (pigs, domestic single-hoofed animals after 24 hours, animals of other species after 14 hours) no less than 24 hours. Moving animals within the borders of Latvia the length of transport cannot exceed the requirements laid down by legal acts. Animals moved in transit through the territory of Latvia shall be given rest. It is planned to construct at least one place for animal resting.

8. Zootechnical material (animal breeding)

Situation in the sector
The livestock farming sector in Latvia is functioning and its surveillance and control activities are determined by the Pedigree Law effective from 21 April 1998 amended from 31 March 2000, which provides for the Regulations of the Cabinet of Ministers, addressing specific questions associated with livestock farming. Control and surveillance functions, as prescribed by the Pedigree Law, are carried out by the State Pedigree Inspection. Establishment and keeping of the pedigree information data as well as the animal and herd register keeping is carried out by the State Breeding Information Data Processing Centre.

Livestock farming sector in Latvia ensures herd registration and animal identification. There is a centralized database on the herd and animal registers as well as marking of bovine animals has been carried out in the country. Bovine animals are marked in accordance with the EU requirements, setting up a centralized database, issuing passports for bovine animals and marking each bovine animal with two identical ear-tags, containing 14 digit identity number.
The State aid

The State aid is allocated in the form of subsidies in compliance with an annual instruction by the Ministry of Agriculture “On the State aid for manufacturing of products meeting the EU quality requirements”.

The major directions of the State aid allocated to zootechnical material (animal breeding) under the programme are as follows:

- Establishment and keeping of the animal and herd register;
- Animal recording and its data processing;
- Rearing and multiplication of a certain quality breeding animals;
- Marketing of breeding animals and their bioproducts;
- Imports of breeding material and their bioproducts.

Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal documents:

- Law On Agriculture (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme for agricultural development.

The sector is planning to continue preparation of legal acts in accordance with the plans elaborated and approved by the Ministry of Agriculture in view of a full harmonization of zootechnical legislation by the date of accession to the EU.

In 2000, the herd and animal registration system will be improved as well as implementation of the marking system for goats, sheep and pigs is started. In 2001, it is planned that implementation of the marking system for goats, sheep and pigs will be finalized.

It is planned to elaborate a breeding programme by the date of accession to the EU, in respect of the species of animals reared in Latvia as well as to prepare and introduce a conservation programme for animal genetic resources.

The administration system of zootecnical material (animal breeding) in Latvia will be fully operational by the date of accession to the EU.

Legal basis

- Regulations of the Cabinet of Ministers No 396 Certification procedure of persons, carrying out animal evaluation and cross evaluation, animal recording, artificial insemination, transplantation of embryos and ova and imports and exports of breeding material (06.10.1998), (99/42/EC);
- Regulations of the Cabinet of Ministers No 10 On registration procedure of animals and herds (13.01.1998), (92/102/EEC).

Instructions issued by the Ministry of Agriculture:

- On the State Herd Book keeping (23.09.1999), (84/419/EEC, 89/502/EEC, 89/505/EEC, 90/255/EEC, 96/78/EC);
- On breeding value determination of horses reared in Latvia (21.12.1999), (90/427/EEC);
- On breeding value determination (21.12.1999), (86/130/EEC);
- On identification of bovine animals (30.07.1998), (92/102/EEC, 97/820/EC);
- On identification of pigs (13.06.1998), (92/102/EEC);
Regulations issued by the Ministry of Agriculture:
- On completion of breeding documentation and issue of the breeding certificate (23.09.1999), (86/404/EEC, 89/503/EEC, 90/258/EEC, 96/79/EC);
- On allocation of the status of breeding animals rearing farm (28.09.1999), (84/247/EEC, 88/661/EEC, 89/361/EEC, 90/427/EEC);

By the end of 2001 the following legal acts will be adopted:
- Regulations of the Cabinet of Ministers On zootecnical requirements in respect of trade in breeding material;
- Regulations of the Cabinet of Ministers On organization of horse races and survey of the results.

Position of Latvia

Latvia will implement in full the acquis communautaire in the area of zootechnical material (animal breeding) as well as assume the responsibilities of a Member State as from the date of accession to the EU.

9. Imports from third countries of animals and animal products – the EU international agreements and bilateral agreements of Latvia

Latvia will implement in full the acquis communautaire in the area of imports from third countries of animals and animal products as well as assume responsibilities of a Member State as from the date of accession to the EU. Latvia does not intend to continue the concluded bilateral agreements with third countries in the veterinary area after accession to the EU.

b) Phytosanitary control

1. Seeds and propagation material

Situation in the sector
Seeds and propagation material in Latvia are basically produced by individual producers. In 1999 there were 53 thousand tons of certified seeds produced in Latvia. The major part of seed growers prepare and distribute seeds themselves. Production of seeds and propagation material on contract basis is not a widely spread practice. In 1999, of the total sown area under seed material, grain crops constituted 92.7%, fodder crops 4.9%, seed potatoes 1.2%, flax 0.9%, rapeseeds 0.3% and vegetables 0.03%.

Latvia will continue supplying domestic market with cereal seeds, seeds of widely grown fodder crops and seed potatoes and will proceed with imports of corn, alfalfa and seeds of several other less popular forage crop species. By 1 January 2000, the major producers of forest planting material in Latvia are:
- state-owned enterprises – producing 100% of seeds and 40% of seedling trees;
- partly privatised forest tree nurseries – 40% of seedling trees;
- private tree nurseries – 20% of seedling trees.

Table 1

<table>
<thead>
<tr>
<th>Species</th>
<th>Production, kg</th>
<th>Consumption, kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pine</td>
<td>1500</td>
<td>1350</td>
</tr>
<tr>
<td>Spruce</td>
<td>1200</td>
<td>1000</td>
</tr>
<tr>
<td>Birch</td>
<td>0-50</td>
<td>20</td>
</tr>
<tr>
<td>Black alder</td>
<td>0-25</td>
<td>5</td>
</tr>
<tr>
<td>Ash</td>
<td>0-150</td>
<td>20</td>
</tr>
<tr>
<td>Oak</td>
<td>0-300</td>
<td>95</td>
</tr>
</tbody>
</table>

Source: State Forest Service
Table 2

Production volumes of seedling trees of Latvian local species

<table>
<thead>
<tr>
<th>Species</th>
<th>Number, thou. pieces</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pine</td>
<td>16500</td>
</tr>
<tr>
<td>Spruce</td>
<td>16800</td>
</tr>
<tr>
<td>Birch</td>
<td>1420</td>
</tr>
<tr>
<td>Black alder</td>
<td>100</td>
</tr>
<tr>
<td>Ash</td>
<td>50</td>
</tr>
<tr>
<td>Oak</td>
<td>25</td>
</tr>
</tbody>
</table>

*Source: State Forest Service*

The State aid

The State support is allocated in the form of subsidies in compliance with the annual decree by the Ministry of Agriculture “On the State support to manufacturing of products in compliance with the EU quality requirements”

The former directions of the support under this programme:
- for sales of the certified seed material;
- for reinforcement of the technical and material basis of seed growing sector.

Sectoral policy and strategy

The sectoral policy and strategy in Latvia is based on the following legal acts:
- Law On Agriculture (24.10.1996);
- Concept of agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme for the development of agriculture.

The objective of the agricultural policy in Latvia is to ensure a sustainable development of the sector by manufacturing competitive products, satisfying the domestic market with cereal seeds, fodder crop seeds widely used in Latvia and seed potatoes.

In accordance to the EU requirements, the following measures are already taken:
- Sampling of seeds;
- Laboratory tests of seeds;
- Post control of cereal seeds and certain species of fodder crops on control plots;
- Registration of growers, holders, sellers and exporters of planting and propagation material of fruit plants, vegetables and ornamental plants.

To implement in full the EU requirements by 1 January 2001, the following measures will be taken:
- Introduction of seed post control of vegetables, oil plants, fibre plants and certain species of fodder plants on control plots;
- Sampling and laboratory testing of planting and propagation material of vegetables and ornamental plants.

By improving the technical basis of seed growing farms, the seed quality requirements in respect of all groups of crops will be met as from 1 January 2003.
Legal basis

**Legal basis of seeds and planting material**

- Law on Production and Distribution Chain of Seeds and Planting Material (in force from 01.01.2000). The law lays down the procedure of seed growing and distribution in Latvia;
- Plant Protection Law (in force from 17.12.1998). The law lays down the procedure of growing and distribution of planting material in Latvia;
- Regulations of the Cabinet of Ministers No 148 Regulations in respect of growing and marketing of cereal seeds (18.04.2000), (66/402/EEC);
- Regulations of the Cabinet of Ministers On catalogue of Latvian plant varieties (16.05.2000) (70/457/EEC; 70/458/EEC);
- Regulations of the Cabinet of Ministers No 285 Regulations in respect of growing and marketing of vegetable seeds (22.08.2000, in force from 01.06.2001) (70/458/EEC);
- Regulations of the Cabinet of Ministers Regulations in respect of plant quarantine (in force from 19.10.1999).

**By the end of 2000 the following Regulations of the Cabinet of Ministers will be adopted:**

- Regulations on growing and marketing of seed potatoes (submitted to the Cabinet), (66/403/EEC; 89/14/EEC);
- Regulations on growing and marketing of beet seeds (submitted to the Cabinet), (66/400/EEC);
- Regulations on growing and marketing of fodder crop seeds (66/401/EEC);
- Regulations on growing and marketing of seeds of oleaginous plants and fibre plants, (69/208/EEC);
- Regulations on growing and marketing of planting material and propagation material of fruit plants (92/34/EEC; 93/48/EEC; 93/64/EEC 93/79/EEC);
- Regulations on growing and marketing of planting material and propagation material of vegetable crops (92/33/EEC; 93/61/EEC; 93/62/EEC);

**Legal basis of vine growing**

Due to climatic conditions no industrial vine growing exists in Latvia but individual growers have expressed interest in vine growing possibilities in Latvia and currently, varieties that are the most suitable to Latvian agri-ecological conditions are being tested.

**By the end of 2002 the following legal act will be adopted:**

- Regulations of the Cabinet of Ministers On marketing of vine propagation material.

**Legal basis of wood reproduction material**

- Forest Law (24.02.2000);
- Law On the State Forest Service (25.11.1999);
- Regulations of the Cabinet of Ministers on forest regeneration (10.10.2000);
- Instructions of the State Forest Service of the Ministry of Agriculture No 97 Instructions in respect of forest regeneration (27.09.1995).

**By the end of 2000, the following legal act will be adopted:**

- Regulations of the Cabinet of Ministers Provisions in respect of utilization of forest reproductive material.
Administrative structures

Currently, the following institutional system is in place to ensure the administration of seeds and propagation material:

- **Ministry of Agriculture** – elaboration of policy and legislation, harmonisation of *acquis communautaire*;
- **Rural Support Service** – administrates the State aid;
- **State Plant Protection Service** – is responsible for control of seeds and propagation material in Latvia (including post-control in test plots), carries out registration of growers of seeds and propagation material as well as activities associated with compilation and maintenance of the Latvian Catalogue of Plant Varieties, organizes field trials of varieties; the National Seed Control Laboratory underwent the ISTA accreditation procedure and acquired the right to issue ISTA certificates from May 2000;
- **National Board of Plant Varieties** – consists of 25 employees who represent the State institutions, producers, processors and traders of seed material. The Board makes decisions on registration of plant varieties, forwards proposals on enlisting of varieties into the national Catalogue of Plant Varieties;
- **The State Forest Service** – attests and certifies sources of forest reproduction material (FRM), keeps the register of FRM sources. It is permitted to collect FRM only from the sources registered by the State Forest Service. Only certified FRM of the origin suitable for a specific place may be used for forest regeneration and afforestation. The forest owner or the legal forest holder may restore his forest using seeds and wildings obtained in his own forest. The State Forest Service approves the list of origin sources of reproductive material for each species of trees permitted in the respective territory (forest district and regional forest district) based on the results of scientific research and publishes the list in the sector publication. The State Forest Service issues a single written permit to bring into the country and use here the FRM obtained outside the borders of Latvia. There is a certified forest seed control laboratory of the State Forest Service established.

The administration system of seeds and propagation material in Latvia will be completely operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of seeds and propagation material as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following items where Latvia deems necessary to continue negotiations:

<table>
<thead>
<tr>
<th>1. Wild oats</th>
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<tr>
<td><strong>EU legal acts:</strong></td>
</tr>
</tbody>
</table>

**Latvia requests to apply “0” as a permissible content of Wild oats (Avena fatua) in certified seeds.**

**Justification of the position**

Spreading of wild oats is a serious problem in Latvia. In accordance with the effective legal acts, the presence of wild oats (*Avena fatua*) in certified seeds is not admissible. This requirement will be incorporated also into drafts of seed growing and trade provisions. Allowing the presence of wild oats in seed material, as is the case in the EU rules, an increase in spread of wild oats is expected.
2. Excluding of certain crop species from application of the EU Directives requirements

EU legal acts:

Latvia requests not to apply requirements of the EU legal acts to the following crop species, taking into account the procedure of introducing amendments provided by the EU legislation:
- Agrostis canina;
- Bromus sitchensis;
- Bromus catharticus;
- Cydon dactylon;
- Phalaris aquatica;
- Poa nemoralis;
- Trisetum flavescens;
- Hedysarum coronarium;
- Trifolium resupinatum;
- Trigonella foenum-graecum;
- Vicia pannonica;
- Oryza sativa;
- Phalaris canariensis;
- Sorghum bicolor;
- Sorghum sudanense;
- Arachis hypogaea;
- Gossypium spp.

Justification of the position
The above-mentioned species are not grown in Latvia in the form of crops and they are not sold currently in the form of seeds.

2. Plant health

Situation in the sector

Latvia has started registration of producers and importers of certain plants and plant products in compliance with the EU requirements. Surveys are conducted to identify several harmful organisms, one of which is *Erwinia amylovora* (Burr.) Winsl. Et al., the other is *Globodera pallida* (Stone) Behrens. Surveys and analysis resulted in a statement that the above-mentioned harmful organisms have not been introduced yet.

Legal basis

- Regulations of the Cabinet of Ministers No 355 Regulations on Plant Quarantine (19.10.1999), (77/93/EEC, 92/90/EEC, 93/50/EEC, 94/3/EEC);
- Regulations of the Cabinet of Ministers No 300 Provisions for establishment of special places intended for veterinary, phytosanitary and sanitary hygienic checks of transport vehicles and consignments at border control posts (24.08.1999), (98/22/EC);
- Methodological instructions for carrying out surveys of *Erwinia amylovora* (Burr.) Winsl. et al. (15.05.1998), (92/70/EEC).
Administrative structure

Currently, there is the following institutional system ensuring plant health administration:

- **Ministry of Agriculture** – elaboration of policy and legislation, harmonisation of *acquis communautaire*;
- **State Plant Protection Service** – the institution responsible for plant quarantine issues;
- **Sanitary Border Inspection** – carries out control on imports of plants and plant products.

The administration system of plant health in Latvia in accordance with the EU requirements will be completely in operation as from the moment of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of plant health as well as assume responsibilities of a Member State as from the date of accession to the EU, excluding the following points where Latvia considers necessary to continue negotiations:

|---|

**Justification of the position**

*Erwinia amylovora* (Burr.) Winsl. et al. and *Globodera pallida* (Stone) Behrens, are harmful organisms, which are not established in Latvia in spite of conditions favourable for their development but they are spread in the European Union. This recognition should come into force on the moment of accession of Latvia to the EU.

3. Animal feed

Situation in the sector

Currently, there is 31 production enterprise of animal feed in Latvia. Producers of animal feed carry out internal audit, issue quality certificate to each batch of products and each batch is examined at the laboratory in compliance with requirements set by the State Veterinary Service.

Legal basis

- Law On Veterinary Medicine (30.06.1992). It is regulating the production and distribution chain of animal feed in Latvia;

**Instructions issued by the Ministry of Agriculture and the State Veterinary service:**

- Instructions by the Ministry of Agriculture No 47 On assessment and registration procedure of veterinary drugs and veterinary pharmaceutical products (25.02.1995), (95/69/EC, 87/153/EEC, 90/167/EEC);
- Instructions by the State Veterinary Service No 75 On surveillance of enterprises producing of and places for selling of animal feed (31.05.1999), (95/53/EC, 1999/29/EC, 70/373/EEC, 70/524/EEC, 79/373/EEC);
- State Veterinary Service Regulation On distribution of animal feed (04.07.1994), (70/524/EEC);
- State Veterinary Service Regulation On imports into Latvia of veterinary drugs and animal feed containing veterinary drugs (16.03.1994), (70/524/EEC);
- State Veterinary Service Regulation No 34 On restrictions in respect of adding antibiotics and growth stimulators to animal feed (11.03.1999), (2821/98/EC un 2788/98/EC);
• Regulation by the State Veterinary Service No 64 On the State veterinary surveillance of production and distribution of animal feed (14.06.2000), (90/667/EEC).

**By 30.06.2001 the following legal acts will be adopted:**

- Regulations of the Cabinet of Ministers On safety requirements in respect of animal feed and substances prohibited for use in animal feed (91/516/EEC, 1999/29/EC);

**By the end of 2002 the following Regulations of the Cabinet of Ministers will be adopted:**

- On animal feed intended for specific feeding purposes (94/39/EC);
- On additives and premixes containing additives admissible in animal feed (70/524/EEC, 87/153/EEC, 93/113/EC);
- On registration and approval of enterprises producing animal feed and intermediaries (95/69/EC);
- On official sampling (76/371/EEC);
- On surveillance and control of enterprises involved in circulation of animal feed (95/53/EC);
- On circulation of ingredients for animal feed (96/25/EC);

**Administrative structure**

Currently, there is the following institutional system ensuring administration of animal feed:

- **Ministry of Agriculture** – elaboration of policy and legislation, harmonisation of acquis communautaire;
- **State Veterinary Service** – carries out surveillance of production and distribution of animal feed in Latvia. Within its competence is registration of animal feed production enterprises, domestically produced and imported animal feed, ingredients and additives of animal feed. 27 regional inspectors of the State Veterinary Service regularly examine the production enterprises and trade places of animal feed;
- **Sanitary Border Inspection** – carries out veterinary control of animal feed on the border in accordance with the Cabinet of Ministers authorization;
- **State Diagnostic Centre of Veterinary Medicine** – carries out testing of official samples of animal feed.

By 2003, the system for registration and approval of enterprises involved in the production and distribution of animal feed in Latvia will be established, co-ordinated by the State Veterinary Service. The surveillance of the production and distribution chain of animal feed in regions of the country will carry out 5-6 specially trained inspectors.

The administration system of animal feed in Latvia will be completely in operation as from the moment of accession to the EU.

**Position of Latvia**

Latvia will implement in full the acquis communautaire in the area of animal feed as well as assume responsibilities of a Member State as from the date of accession to the EU.
4. Plant protection products

Situation in the sector

Authorization of plant protection products in Latvia is carried out in compliance with principles adopted in the EU, trials are carried out in accordance with EPPO (European and Mediterranean Plant Protection Organisation) guidelines. All plant protection products authorized in Latvia contain only those active substances, which have been authorized in the EU Member States. The Packing and labelling requirements comply with the EU requirements. Farmers are being certified for application of plant protection products. The quality control of plant protection products is operational. Marketing places of plant protection products are licensed in Latvia.

Legal basis

- Regulations of the Cabinet of Ministers No 341 on Authorization of Plant Protection Products (05.10.1999), (91/414/EEC, 78/631/EEC);
- Regulations of the Cabinet of Ministers No 315 on Placing on the Market, Storage and Use of Plant Protection Products (07.09.1999), (91/414/EEC, 78/631/EEC);

Administrative structure

Currently, there is the following institutional system ensuring administration of plant protection products:

- **Ministry of Agriculture** – elaboration of policy and legislation, harmonisation of *acquis communautaire*;
- **State Plant Protection Service** – carries out authorization of plant protection products.

The administration system of plant protection products in Latvia will be completely operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of plant protection products as well as assume responsibilities of a Member State as from the date of accession to the EU.

5. Pesticide residues

Situation in the sector

The annual monitoring programmes of pesticide residues envisaged by the EU are under preparation. Control of pesticide residues in products of plant origin are carried out. The authorization scheme of plant protection products provides for the assessment of preparations in respect of pesticide residues.

Legal basis

- Plant Protection Law (17.12.1998), (86/362/EEC, 90/642/EEC);
Administrative structure

Currently, there is the following institutional system, ensuring administration of pesticide residues:

- **Ministry of Agriculture** – elaboration of policy and legislation, harmonisation of *acquis communautaire*;
- **State Plant Protection Service** – institution responsible for the determination of maximal admissible volumes of pesticide residues in products of plant origin in Latvia, carries out application control of plant protection products, takes samples of plants and plant products in places of their cultivation;
- **Sanitary Border Inspection** – takes samples of plants and plant products on the border of Latvia;
- **Ministry of Welfare, Sanitary Inspection** - takes samples of plants and plant products in places of marketing.

The administration system of pesticide residues in Latvia will be completely operational as from the date of accession to the EU.

Position of Latvia

Latvia will implement in full the *acquis communautaire* in the area of pesticide residues as well as assume responsibilities of a Member State as from the date of accession to the EU.

6. Protection of plant varieties

Situation in the sector

On 1 January 2000, the State Register of Plant Varieties Protected in Latvia covered 114 varieties, including 68 varieties bred by Latvian breeders.

Latvia is planning to apply for accession to UPOV by the end of 2000. The variety protection system in Latvia has been set up in accordance with UPOV principles.

At this stage there is some difficulty to fully implement the principles of variety protection and collection of royalties because the seed growers are in a hard economic situation, contractual relationships of seed growing are underdeveloped, there is a large number of small-scale seed growers, processors and sellers.

Legal basis

- Law On Protection of Plant Varieties (06.04.1993). While preparing for accession to UPOV, the text of the law was sent to UPOV in 1999 for correction and approval. The response contained concrete remarks. Therefore, the law was amended in 1999 so as to conform to UPOV Convention of 1991;
- Regulations of the Cabinet of Ministers No 33 on State charges regarding protection of breeders’ rights (25.10.2000).

Administrative structure

Currently there is the following institutional system ensuring administration of plant variety protection:

- **Ministry of Agriculture** – elaboration of policy and legislation, harmonisation of *acquis communautaire*;
- **National Council of Plant Varieties** – in compliance with the law On Protection of Plant Varieties, it makes decisions on registration of plant varieties. The Cabinet of Ministers approves the Council. The Council consists of 25 persons who are representing the State institutions involved in the registration of plant varieties, producers, processors and sellers of seed material;
- **State Plant Protection Service** – is carrying out all the activities connected with the registration of varieties, maintenance of the State register of plant varieties protected in Latvia, organization of variety checks.
The tests of Distinctness, Uniformity and Stability (DUS) in respect of fruit plants and ornamental plants are carried out in Latvia but in respect of other plants, the samples are sent to foreign countries.

The administration system of protection of plant varieties in Latvia will be completely operational as from the date of accession to the EU.

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of protection of plant varieties as well as assume responsibilities of a Member State as from the date of accession to the EU.

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### 7. Organic Farming

**Situation in the sector**

There are more than 140 farms in Latvia, producing products of organic farming. The major sectors of organic farming where the production of organic products is developed are cereal growing, horticulture, dairy farming and apiculture. The total certified area in 1999 was 1628 ha. The certification of farms is carried out by a public organization "EKOPRODUKTS" based on the rules of organic agriculture, which have been drawn up taking into account the EU Regulation of 24 August 1999 No 2092/91.

**Sectoral policy and strategy**

The sectoral policy and strategy in Latvia is based on the following legal acts:

- Law On Agriculture (24.10.1996);
- Concept of the agricultural development (17.02.1998);
- Development basis of agriculture and its sectors (03.12.1998);
- Annual programme of the agricultural development.

Organic farming measures will be supported by the EU SAPARD programmes within the framework of the Rural Development Plan in accordance to the following subprogramme:

- “Organic farming”.

**Legal basis**


**By the end of 2001 the following legal acts will be adopted:**

- Amendments to Law on Agriculture (2092/91/EEC);

**Administrative structure**

The following institutional system is in place for inspections, certification and surveillance of organic agriculture:

- **Ministry of Agriculture** – elaboration of policy and legislation, harmonisation of *acquis communautaire*, development of the sector strategy;
- **Rural Support Service** – programme implementation and payment administration.

*By the end 2001 the following functions will be delegated to The State Quality Control Service of Plant Products* – the State surveillance and control of the chain of organic agricultural products, development of the register of persons involved in the chain of organic farming (these functions will be delegated to the Service by means of amendments to the Law On Agriculture in 2000).
The administration system of organic farming in Latvia will be completely in operation as from the moment of accession to the EU.

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of organic farming as well as assume responsibilities of a Member State as from the date of accession to the EU.

8. Plant hygiene

**Situation in the sector**

In accordance to provisions on food contamination, nitrate residue control in foodstuffs is carried out, including residue limits referred to in Regulation 194/97/EEC for spinach and lettuce. Regulations of the Cabinet of Ministers are being prepared on a uniform sampling procedure for various products as well as analysing of these products in accordance to the EU law.

Under this chapter, the institution responsible for implementation of the Regulation 194/97/EEC and Directive 98/53/EC is the Ministry of Welfare, and the State Sanitary Inspection, subordinated to it, carries out market control in respect of fruits and vegetables in accordance with the Cabinet Regulation No 221 of 16 June 1998 "Provisions on division of authority between the Ministries with the view of the State surveillance and control of food production and distribution chain".

**Legal basis**

- Law on Food production and distribution chain (19.02.1998);
- Regulations of the Cabinet of Ministers No 290 on food contamination (20.08.1999), (194/97/EEC).

**By the end of 2002 the following legal acts will be adopted:**

- Regulations of the Cabinet of Ministers On a uniform sampling procedure and methods of analysis to detect contamination of foodstuffs (98/53/EC);

**Administrative structure**

Currently, there is the following institutional system ensuring administration of plant hygiene:

- **Ministry of Welfare Latvian Food Centre** – elaboration of policy and legislation on admissible food contamination, including heavy metals/toxic elements, nitrates, micotoxines, microbiological contamination, implementation of the EU *acquis communautaire*;
- **Ministry of Welfare State Sanitary Inspection and Ministry of Agriculture State Quality Control Service of Plant Products and Sanitary Border Inspection** – carries out the control functions in accordance with the division of authority.

The administration system of plant hygiene in Latvia will be completely in operation as from the moment of accession to the EU.

**Position of Latvia**

Latvia will implement in full the *acquis communautaire* in the area of plant hygiene as well as assume responsibilities of a Member State as from the date of accession to the EU.
## ANNEX I

### Areas under cereals, oil crops and protein crops in Latvia from 1989 - 1999

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Source: The Central Statistical Bureau of Latvia
## ANNEX II

Indices characterizing potato processing, starch production and exports for 1993-2000 (forecasts)

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*Source: According to the data of “Alojas-Starkelsen” factory*
ANNEX III

Quality standards for fresh fruit and vegetables

LVS 229:1999 "Lettuce, crinkle garden lettuce and endive salad" 22.12.99. No.3126
LVS 222:1999 "Marrows" Reg. 22.12.99. No.3119
LVS 204:1999 "Apples and pears" Reg. 22.12.99. No.3101
LVS 214:1999 "Table grapes" Reg. 22.12.99. No.3111
ANNEX IV

TO THE NEGOTIATING POSITION OF THE
GOVERNMENT OF THE REPUBLIC OF LATVIA
ON CHAPTER 7
AGRICULTURE

List of the legislative Acts of the European Community in respect of which technical adaptation is requested

**ARABLE CROPS**

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<th>Legislative Act</th>
<th>Article/Annex</th>
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<td>Commission Regulation (EC) No 1897/94 of 27 July 1994 laying down detailed rules, for the application of Council Regulation (EC) No 774/94 as regards import licences for bans, sharps and other residues</td>
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<td>Commission Regulation (EC) No 1162/95 of 23 May 1995 laying down special detailed rules for the application of the system of import and export licences for cereals and rice</td>
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<td>Commission Regulation (EC) No 1501/95 of 29 June 1995 laying down certain detailed rules for the applications of Council Regulation (EEC) No 1766/92 on the granting of export refunds on cereals and the measures to be taken in the event of disturbance on the market for cereals</td>
<td>Article 13</td>
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<td>Commission Regulation (EC) No 1839/95 of 26 July 1995 laying down detailed rules for the application of tariff quotas for imports of maize and sorghum into Spain and imports of maize into Portugal</td>
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