

Challenges of the Latvian Agro-industry and Rural Areas in the context of the EU

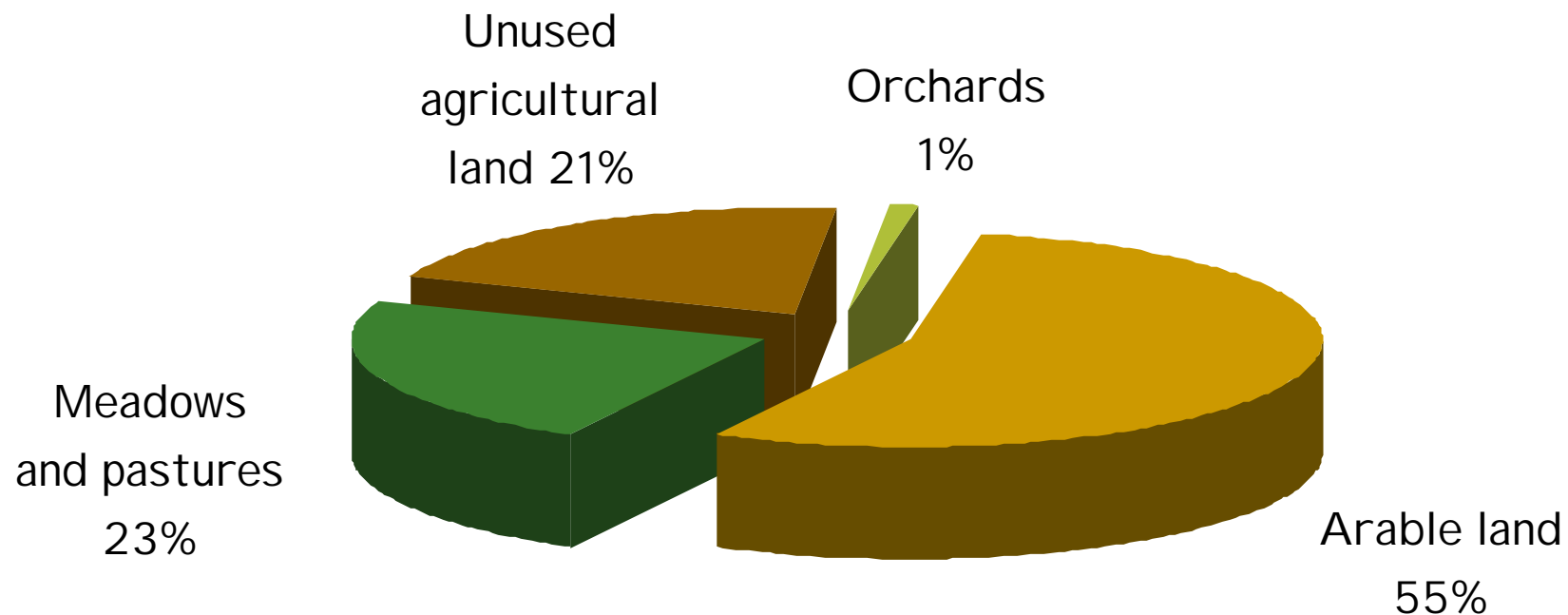
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Structure of agricultural land (2001).



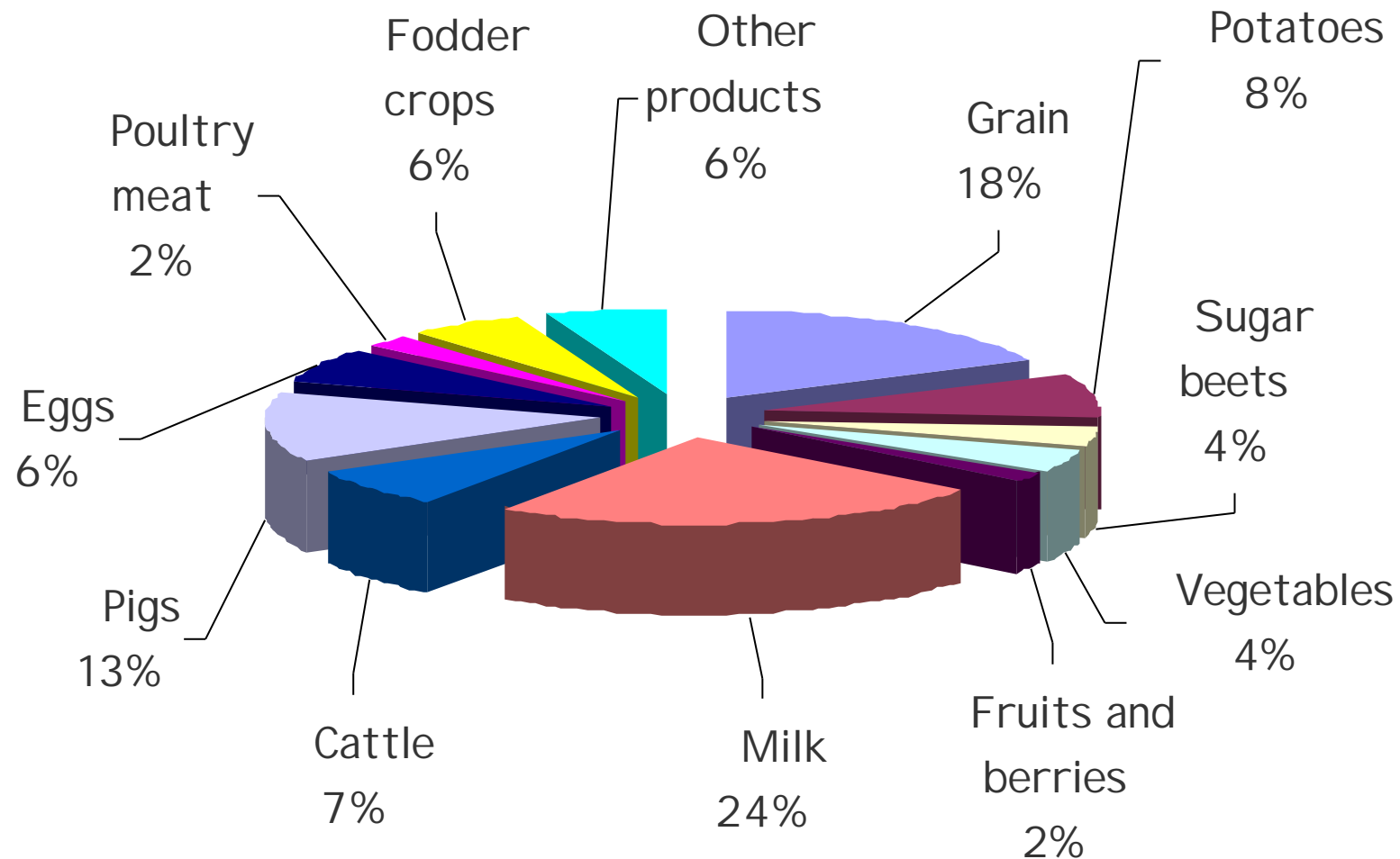
Area of agricultural land - 2475 thsds. ha, (1,04 ha per capita)



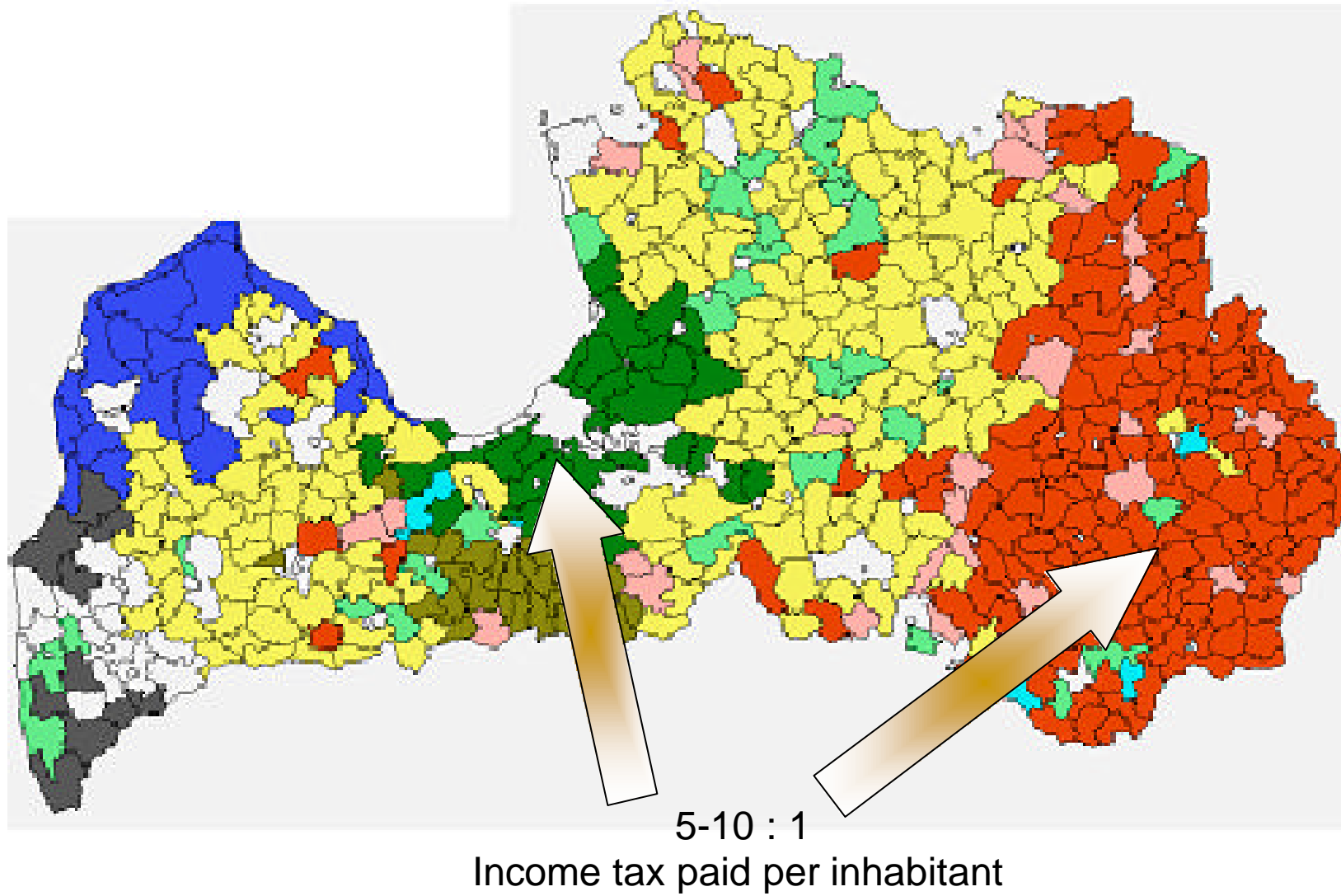
Some of unused land



Structure of agricultural output in 2001



How diverse socio-economically



What happens in some harsh reality?





Something to count on

- Financial sources (large from EU) to support the development;
- CAP reform;
- By 15.09.2003 projects already paid/approved/submitted total in MORE than SAPARD funds available (i.e. 110%)



Strategy of the Ministry of Agriculture

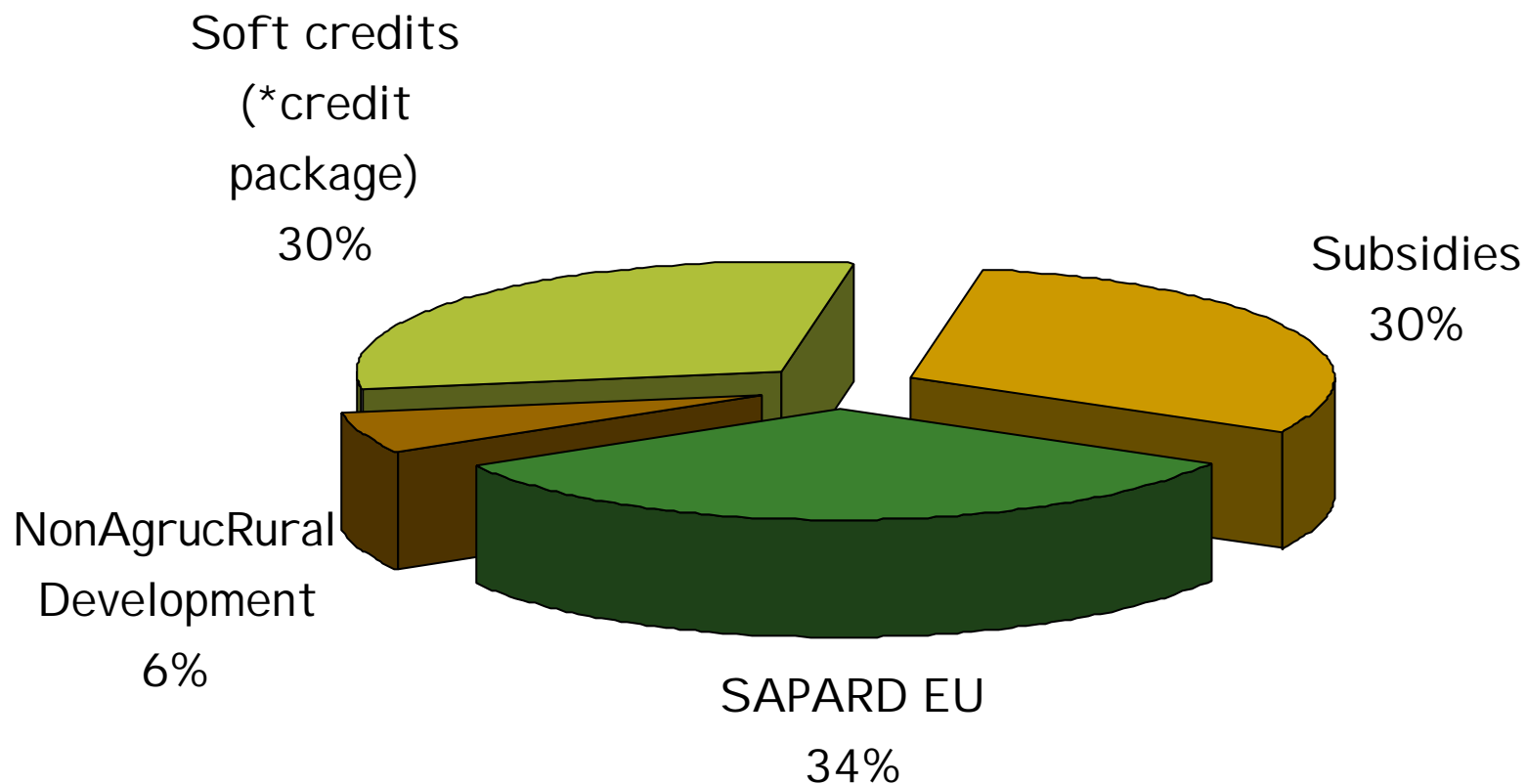


- I. Safe, reliable and qualitative food**
- II. Economical growth in rural areas**
- III. Sustainable management of natural resources**

Revolution in budget planning from department/service driven to objective/area driven!



Incentives available now



Incentive in addition soon



- Structural funds (incl. EAGGF and FIFG app. 50 MEUR annually)
- Rural development fund (app. 100+ MEUR/year)
- i.e. All in all 5 times more than today



Some challenges and future

- Learn from **success stories** (i.e. Pures Ceļš) and correct the present in order to change the future by learning from bad lessons;
- Find the **right and balanced** solutions on what and how to finance/cofinance and what to leave for the state aid in agri and rural development;
- **Use** currently **abandoned land** for most value added (i.e. Renewable energy) if not for socio-environmental benefit;
- Use of **ERDF and ESF** (incl. Innovation activities) for the benefit of development of rural areas;
- Use of **comparative advantages** in agro-industry to open new markets in EU25;
- HOW in reality **minimise rural outmigration** by provision of
INCENTIVE+INNOVATIVE APPROACH+BELIEF in SUCCESS?