

# Assessment of the Impact of State as the Factor of Competitiveness. Case of Latvian agriculture

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# Today about:

- ❑ Competitiveness and Comparative advantage, Competitive advantage; Equilibrium of the competitiveness
- ❑ Government as Determinant of National Competitive Advantage (Porter's Diamond)
- ❑ Producer Support Estimate as a tool for the quantitative assessment of the State Support Policies in agriculture
- ❑ Evaluation of Latvian Government as a policy player
- ❑ Some finalising conclusions



# Competitiveness and comparative advantages

- Competitiveness – the ability of producers to deliver goods and services to the right place, at the right time, in the right quality and quantity for the price desirable and without the losses

**Competitiveness**

**Comparative advantages**

**Market distortions**

Nature

Location

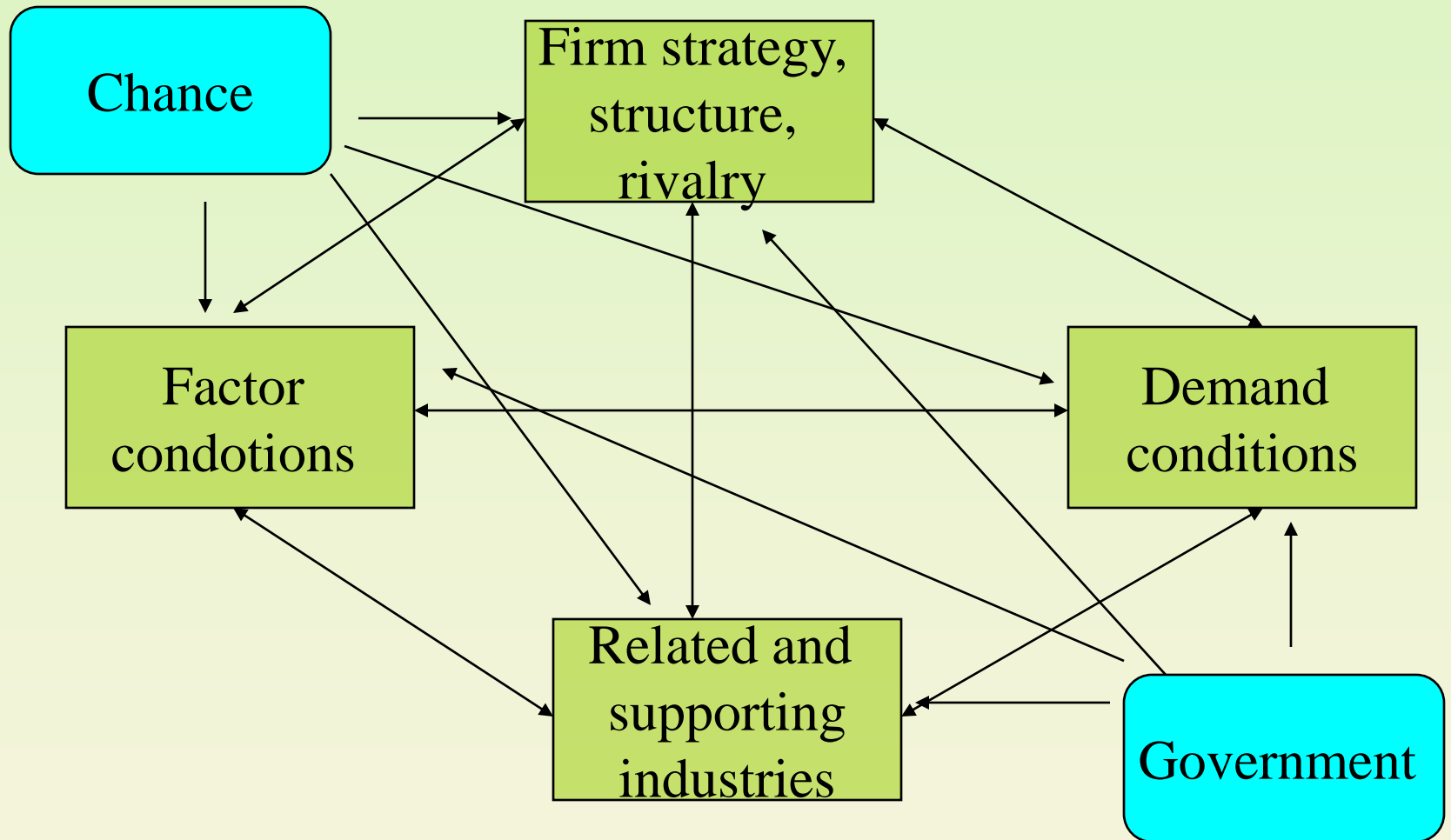
Factor  
endowment

Policies

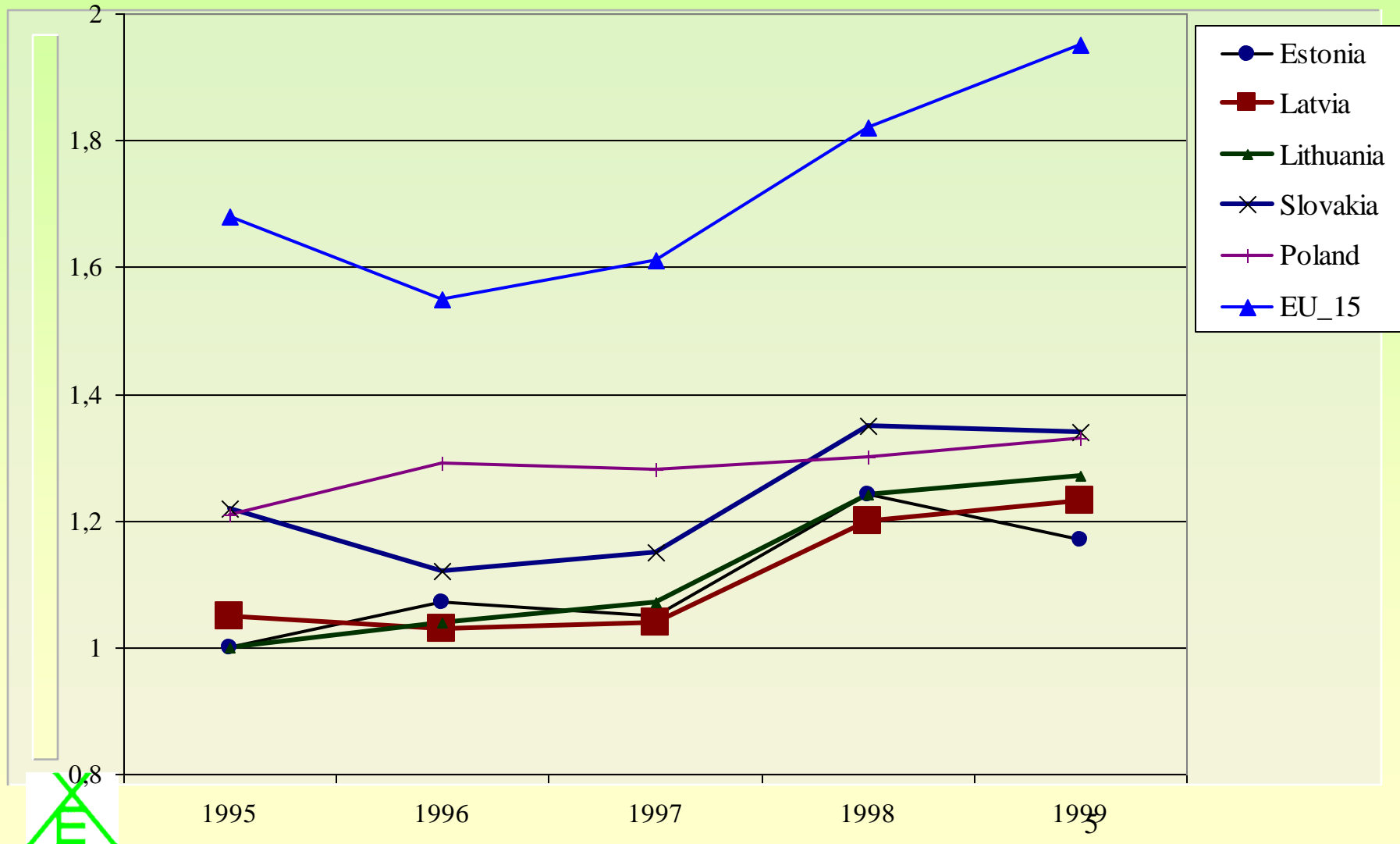
Institutions



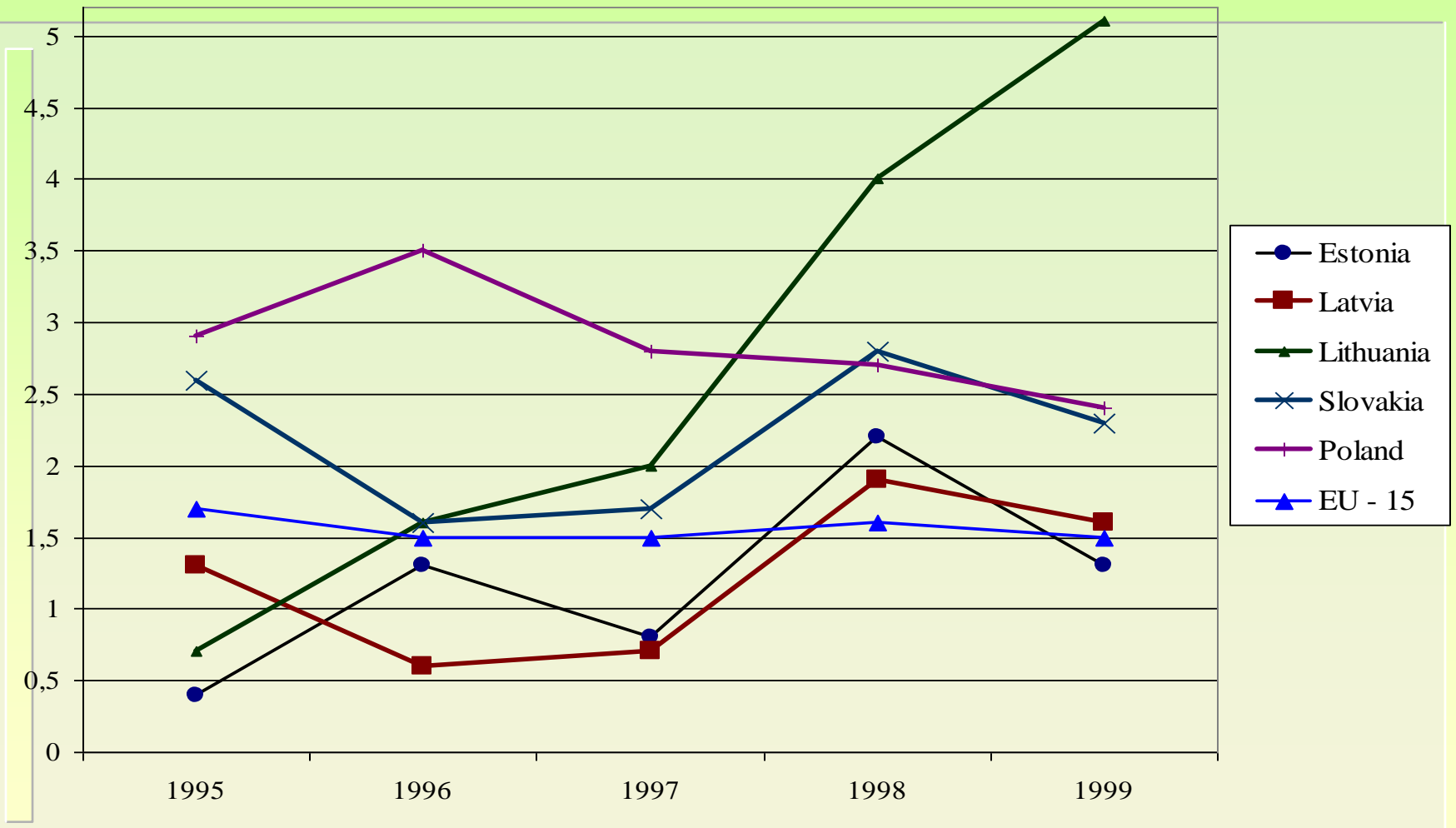
# The Complete System of Determinants of National Competitive Advantage (Porter's Diamond)



# Producers' NACs, 1995 - 1999



# Share of TSE in GDP, 1995 - 1999



# Some conclusions

- ❑ Competitiveness can be assumed as the ability of producers to deliver goods and services to the right place, at the right time, in the right quality and quantity for the price desirable and without the losses
- ❑ The competitiveness of the business entity is influenced also by the market distortions caused by the state policies and institutional settings
- ❑ Producer Support Estimate (PSE) is one of the tools of the quantitative assessment of state agricultural policies



## Some conclusions (2)

- ❑ Latvia along with Estonia is among the European countries with the most liberal agricultural policies
- ❑ In Latvia the Market price support policies play the leading role
- ❑ Some convergence in the burden of agricultural support policies on the rest of economy can be observed



# Thanks for attention

