Efficiency analysis of agricultural sector in Latvia compared to other EU countries, based on FADN data

Armands Veveris, Ieva Leimane, Agnese Krievina

Latvian State Institute of Agrarian economics (LSIAE)

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The objective and tasks of the research

- To analyse the indicators of economic efficiency of Latvian agriculture and its main subsectors, in order to discover the possible *reserves* for increasing the production efficiency in the sectors:
  - to analyse the physical and economical size of holdings
  - to analyse the revenues – costs and their structure
  - Net value added analysis

An object of analysis:

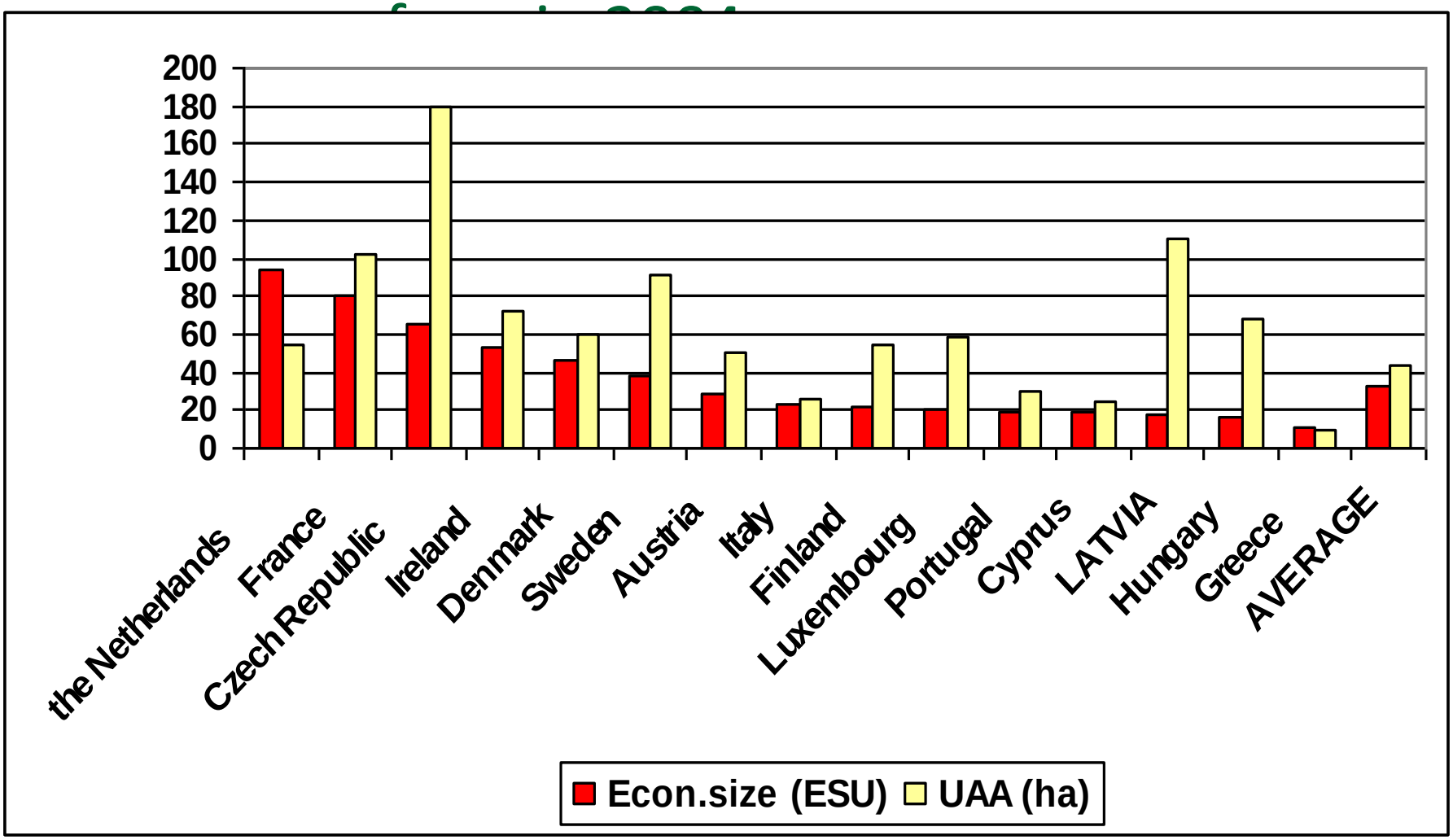
EU FADN database for 14 countries (data about year 2004):

- **Austria, Cyprus, Czech Republic, Denmark, Finland, France, Greece, Hungary, Italy, Ireland,, Luksembourg, the Netherlands, Portugal and Sweden;**
- **Analogical** information from Latvian FADN.

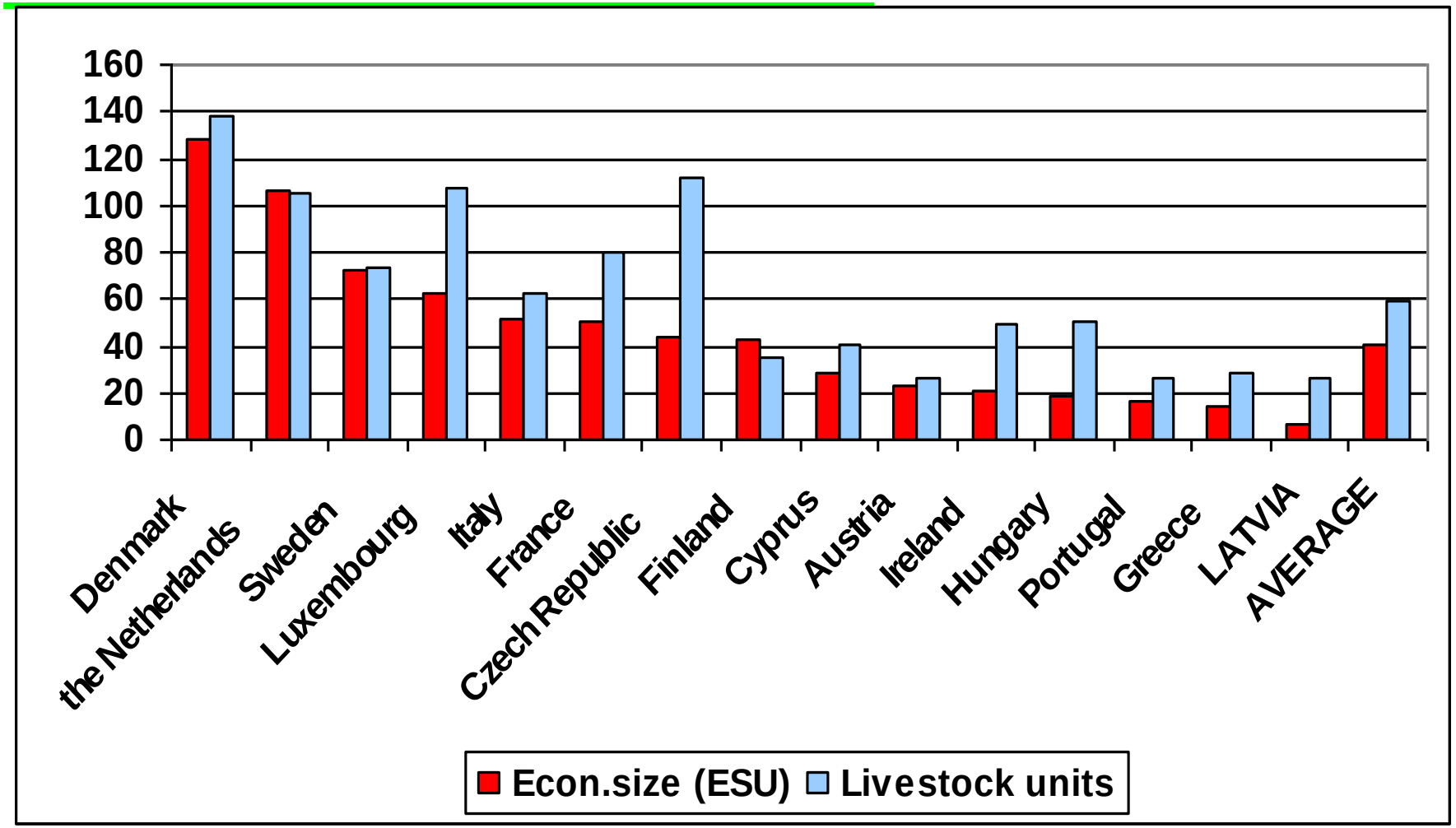
The groupings analysed:

- All FADN farms (all types of specialization)
- By types of specialization:
  - Field crops (cereals, rape ...)
  - Grazing livestock (milk, cattle ...)
  - Granivore (pigs and poultry)

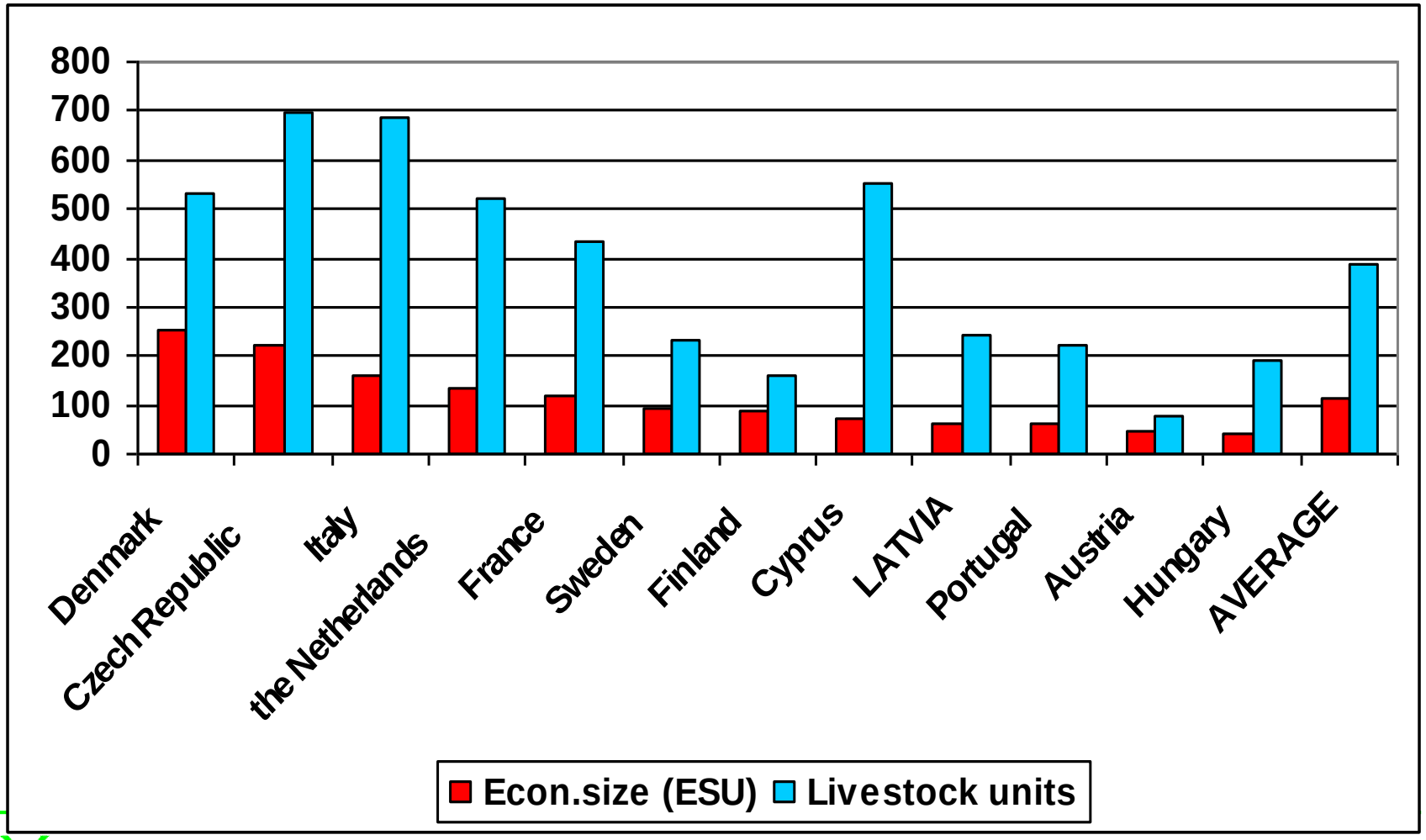
Specialist field crops: economic size and land area



Specialist grazing livestock: economic size and livestock units average per farm in 2004

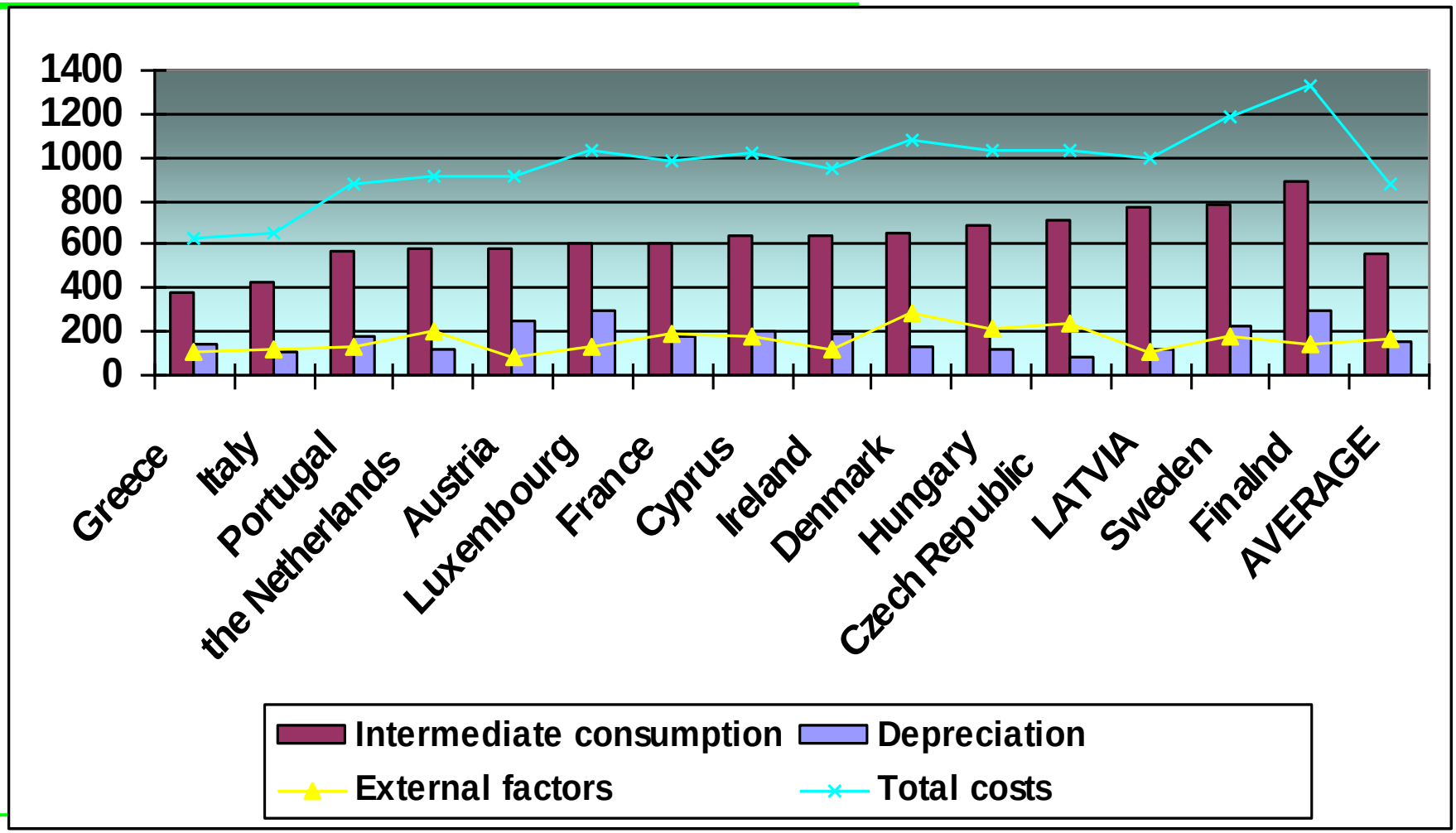


Specialist granivore: economic size and livestock units average per farm in 2004



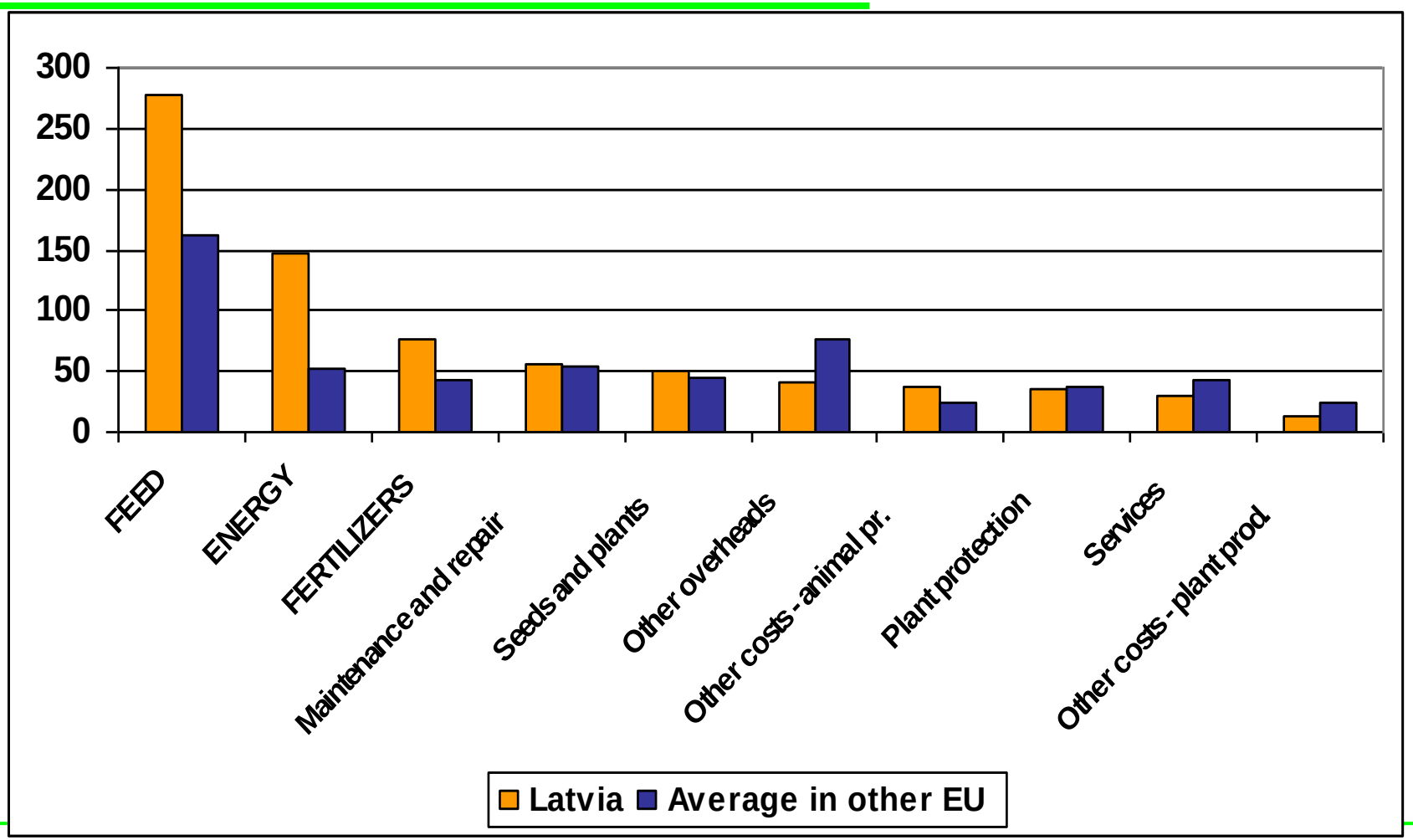
Costs per 1000 EUR output value, EUR

All types of farms in 2004

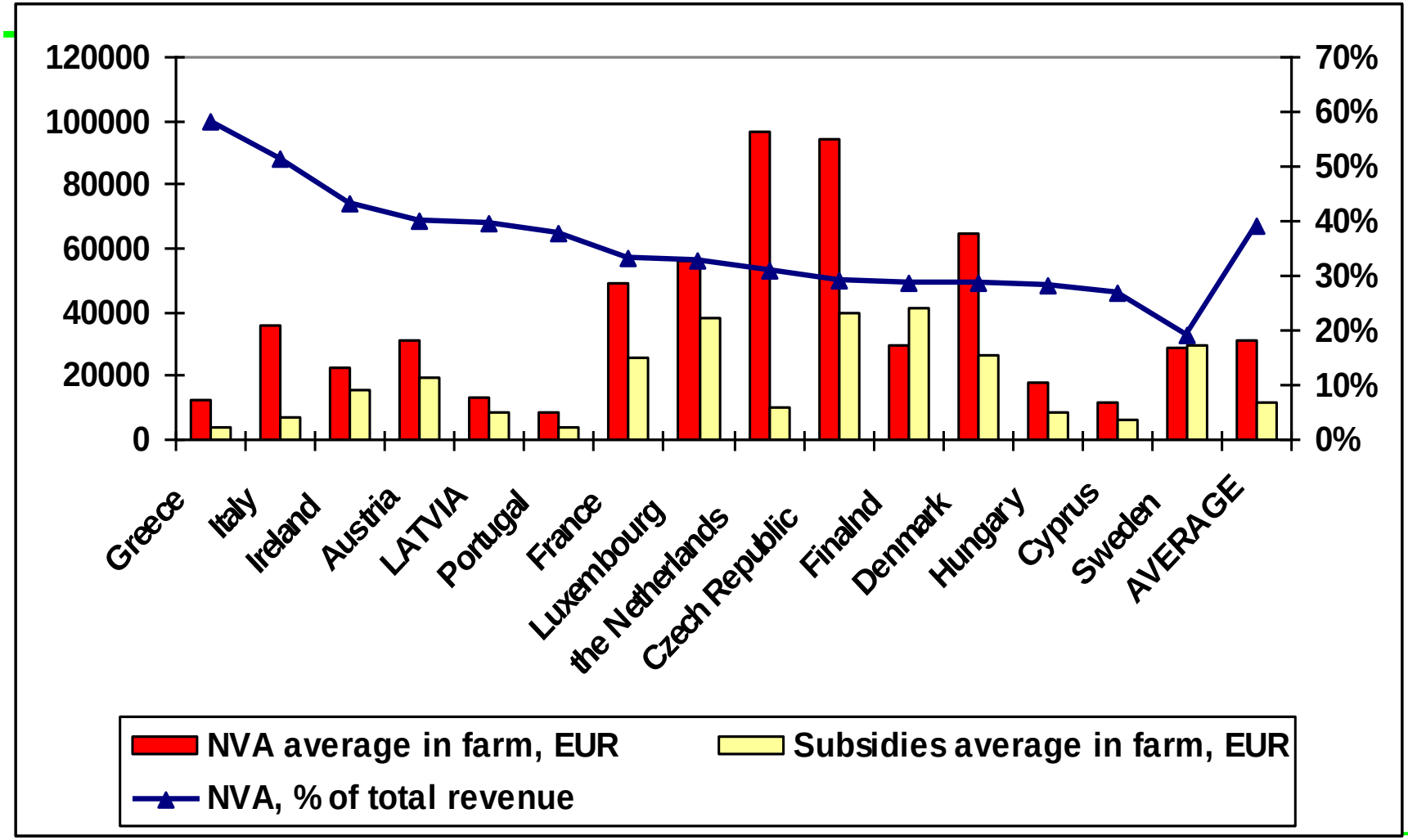


Items of intermediate consumption: Latvia and other EU countries on average

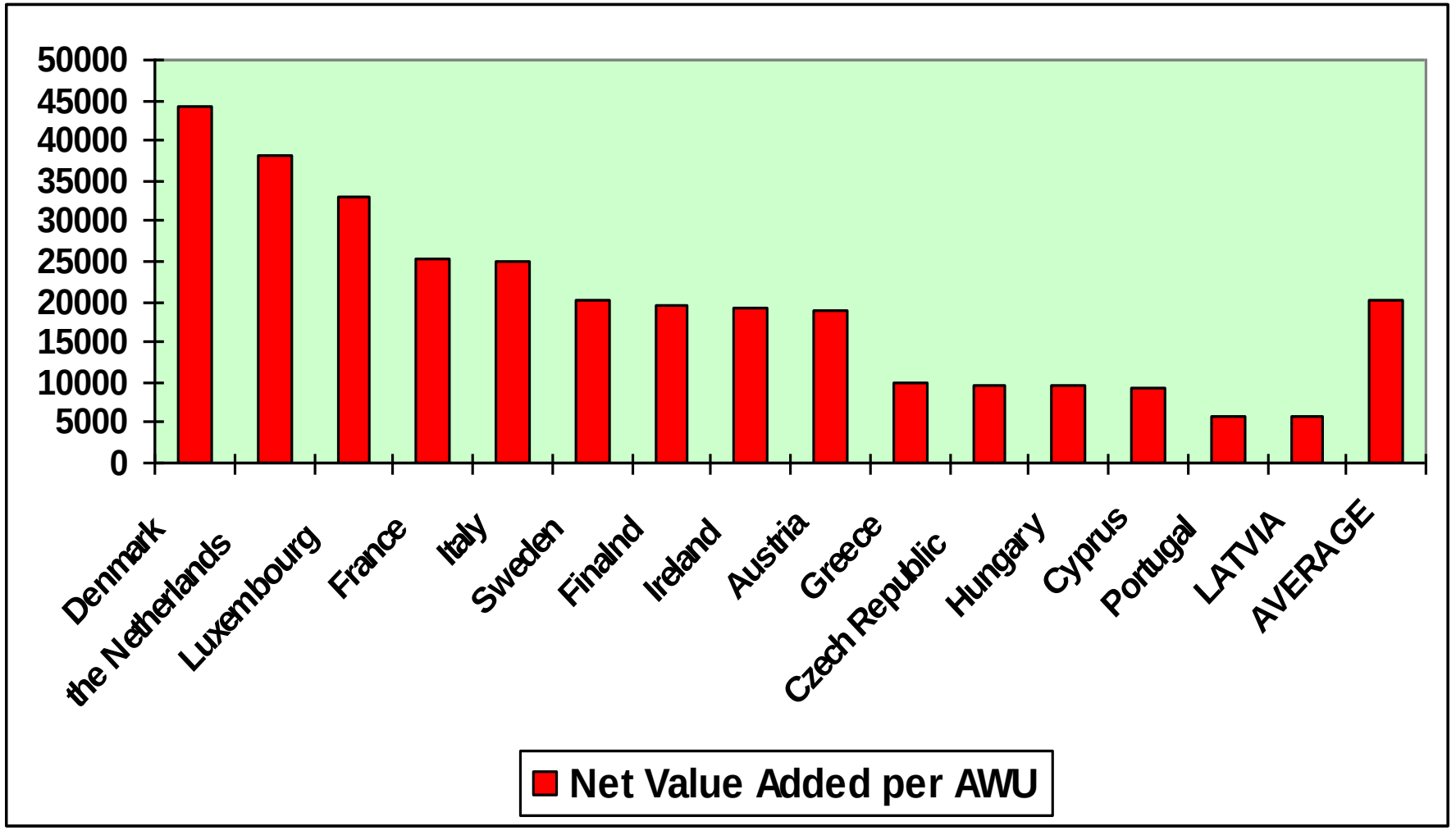
(for 1000 EUR output value in 2004, EUR)



Net Value Added (NVA) and subsidies average in farm and share of NVA in total revenue in 2004



Net Value Added per Annual Work unit in 2004, EUR (all FADN farms)



The main problems (having influence on future competitiveness of agrarian sector in Latvia):

- Low value added per 1 employee (especially in animal farming),
- High level of several direct costs: energy costs in all farms, feed costs – in grazing livestock farms, fertilizer costs – in field crop farms
- Comparatively low level of external factors (wages, rent and interest) presently has positive impact to level of total costs and share of them in output (and so – export competitiveness). But with increase of these costs this competitiveness could be lose in the next 2 – 3 years

Possible reserves for increase of the production efficiency

- Rising of costs efficiency: optimization of feed, energy and labour use
- Introduction of resources–saving technologies, especially in small and middle-sized farms
- Cooperation of producers, specialization in certain types of products
- Orientation to products with higher value added