

KS “Mūsmāju Dārzeni”



**«The implementation of the CMO in the
new
EU-member states»
– an experience report from Latvia**

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Dārzeni” Latvia*

Latvia



- Latvian state flag

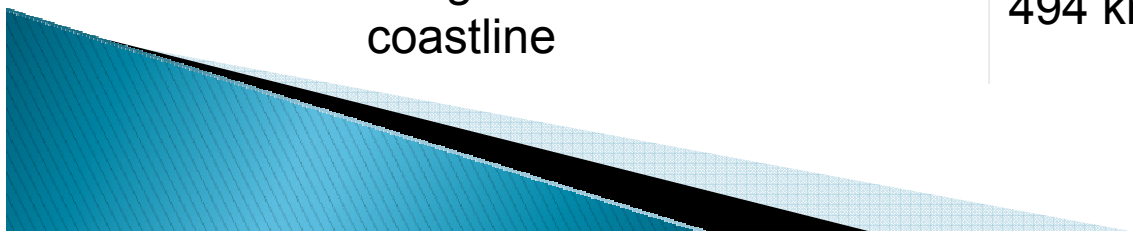


- Coat of arms



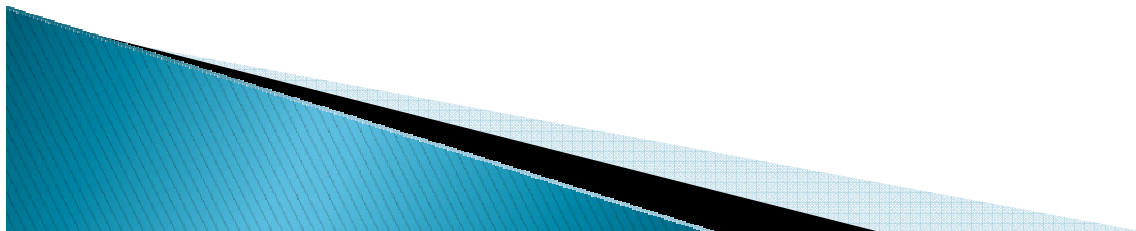
- Capital – Rīga
- State official language – latvian -latviešu
- November 18, the date of the Proclamation of Latvia's independence in 1918

▶	Population in 2013: 2, 023, 825	
▶	Urban: 68% Rural:32%	
Area	64,589 sq.km or 24,937 sq.miles.	
Regions	Kurzeme, Zemgale, Vidzeme, Latgale.	
Total national border length	1,862 km.	
Length of Latvia's Baltic coastline	494 km.	

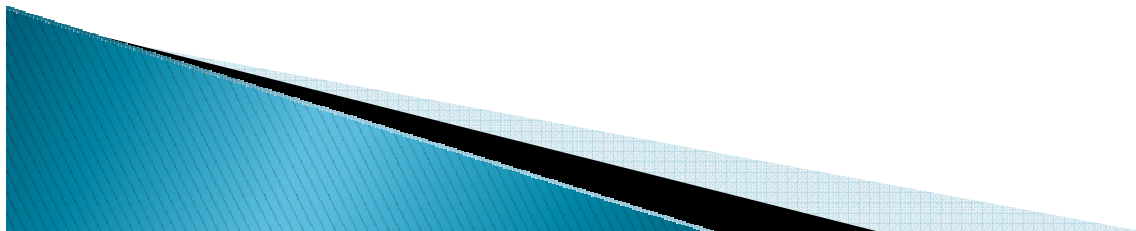


Cooperation in Latvia

- ▶ Currently operating 3 Producer Groups and 2 Producer organizations in Latvia
- ▶ 3 PG are fruits and berries, and 2 PO are vegetables
- ▶ These PO and PG are joined together more than 40 professional fruit and vegetable growers
- ▶ In the scheme PG as the whole paid aid 8,8 million LVL for the year 2012
- ▶ First PG was founded at 2007 and total paid aid is 15,5 million LVL (2007-2012)

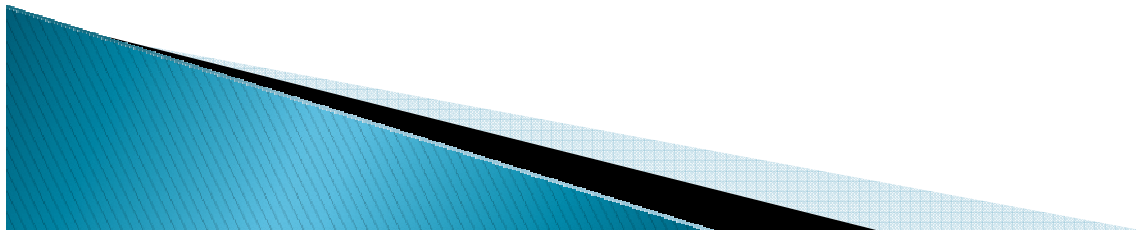


- ▶ Although the fruit and vegetable industry has a tendency to cooperate, but not sufficient, especially in manufacturing and capital (machinery, buildings, equipment) use of resources and basic production.
- ▶ Currently operating 13 Latvian fruits and vegetables cooperatives (CCAS).
- ▶ The main crops growed by PO, PG are carrots, cabbages, cucumbers, apples, blueberries, cranberries
- ▶ First PG was recognized at 2007 and become as PO at 2012. It was cooperative Mūsmāju Dārzeni.



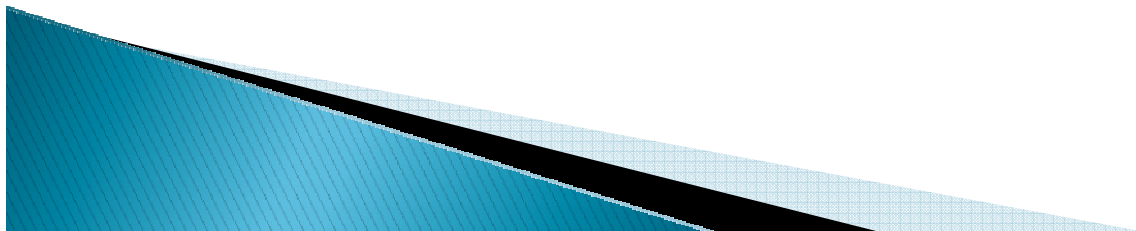
Development of cooperative Mūsmāju Dārzeni

- ▶ The Cooperative was founded in 2006, october
- ▶ Founders were 5 members
- ▶ Each member has one vote
- ▶ Stock capital consists from basic shares of members



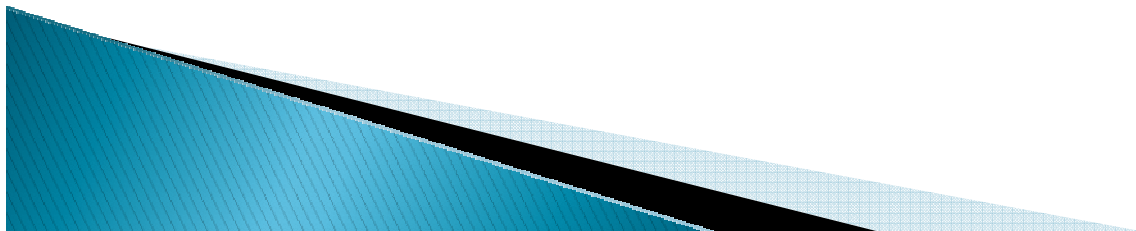
Turnover

- ▶ 2008..... 1,56 mill.LVL (2,22 mill EUR)
- ▶ 2009. 2,15 mill. LVL(3,06 m EUR)
- ▶ 2010. 2,8 mill LVL (3,98 m EUR)
- ▶ 2011. 3,33 mill LVL (4,74 m EUR)
- ▶ 2012.2,65 mill LVL (3,77 m EUR)

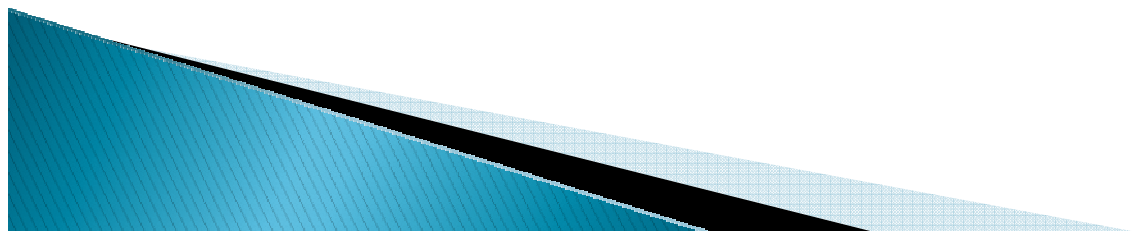
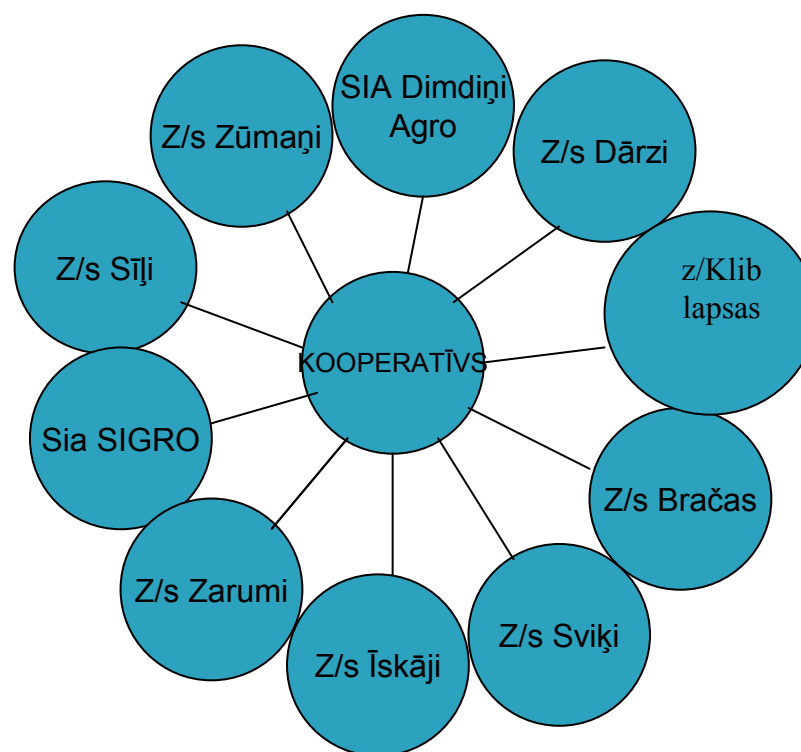


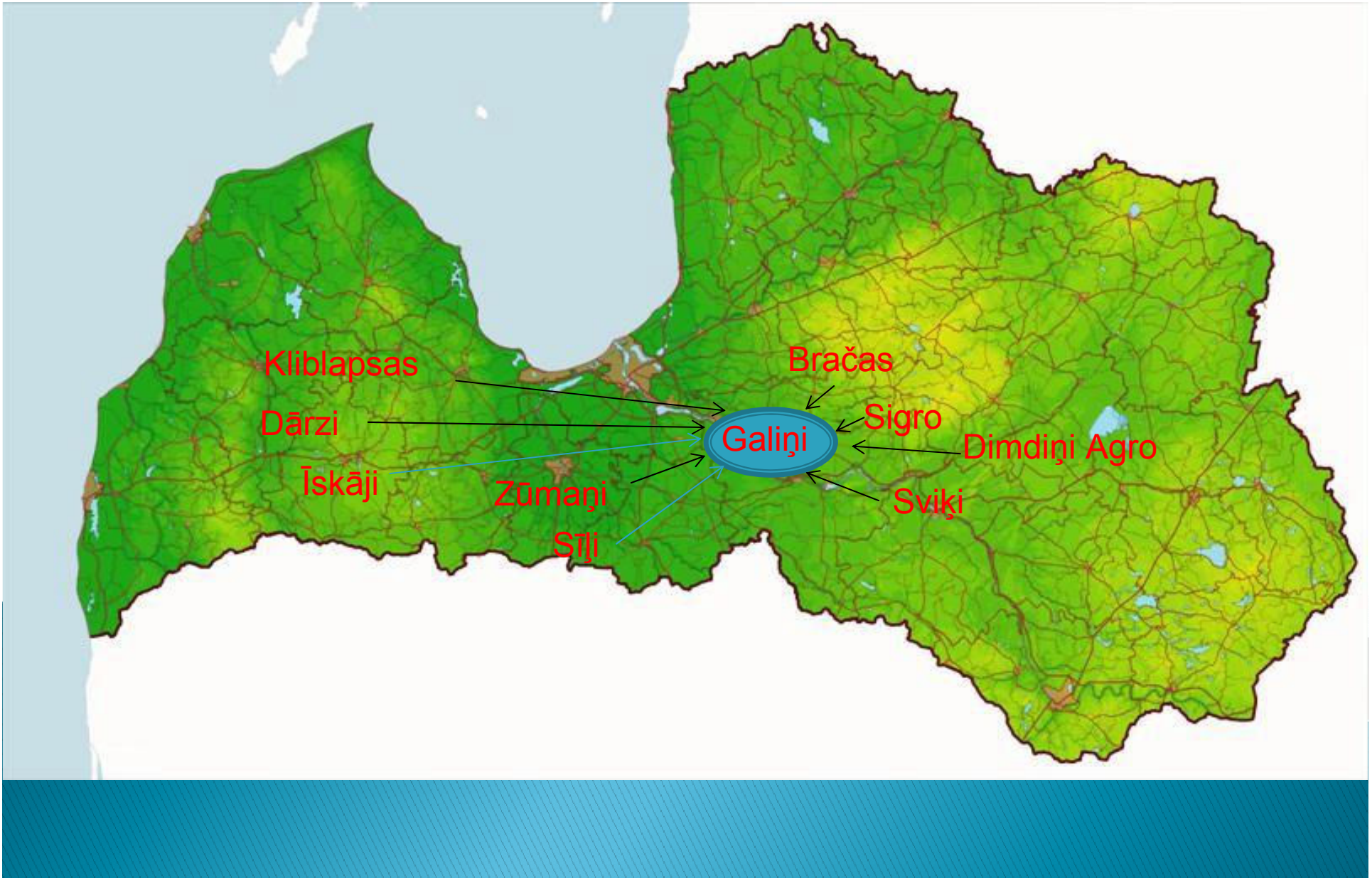
Members of cooperative

- ▶ 2007 5 members
- ▶ 2008 5 members
- ▶ 2009 7 members
- ▶ 2010 9 members
- ▶ 2011 10 members
- ▶ The end of 2012 11 members



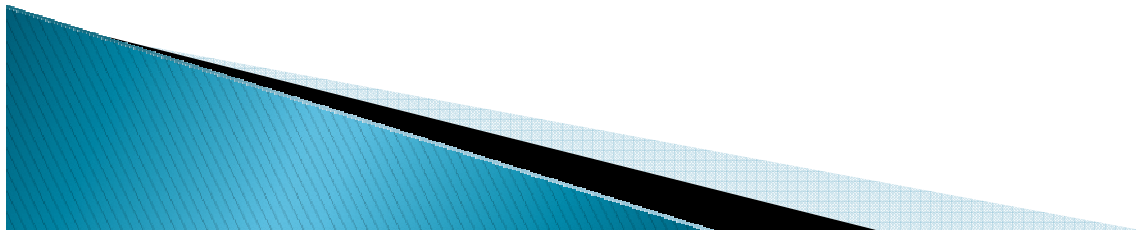
Cooperative members - farms





The main objectives

- ▶ High and consistent quality for local produced goods
- ▶ Quantity, range and volume
- ▶ Stability and sustainability of enterprise; safe working environment
- ▶ High level of professionalism and knowledges
- ▶ Environmental performance at all stages of production
- ▶ Social Responsibility

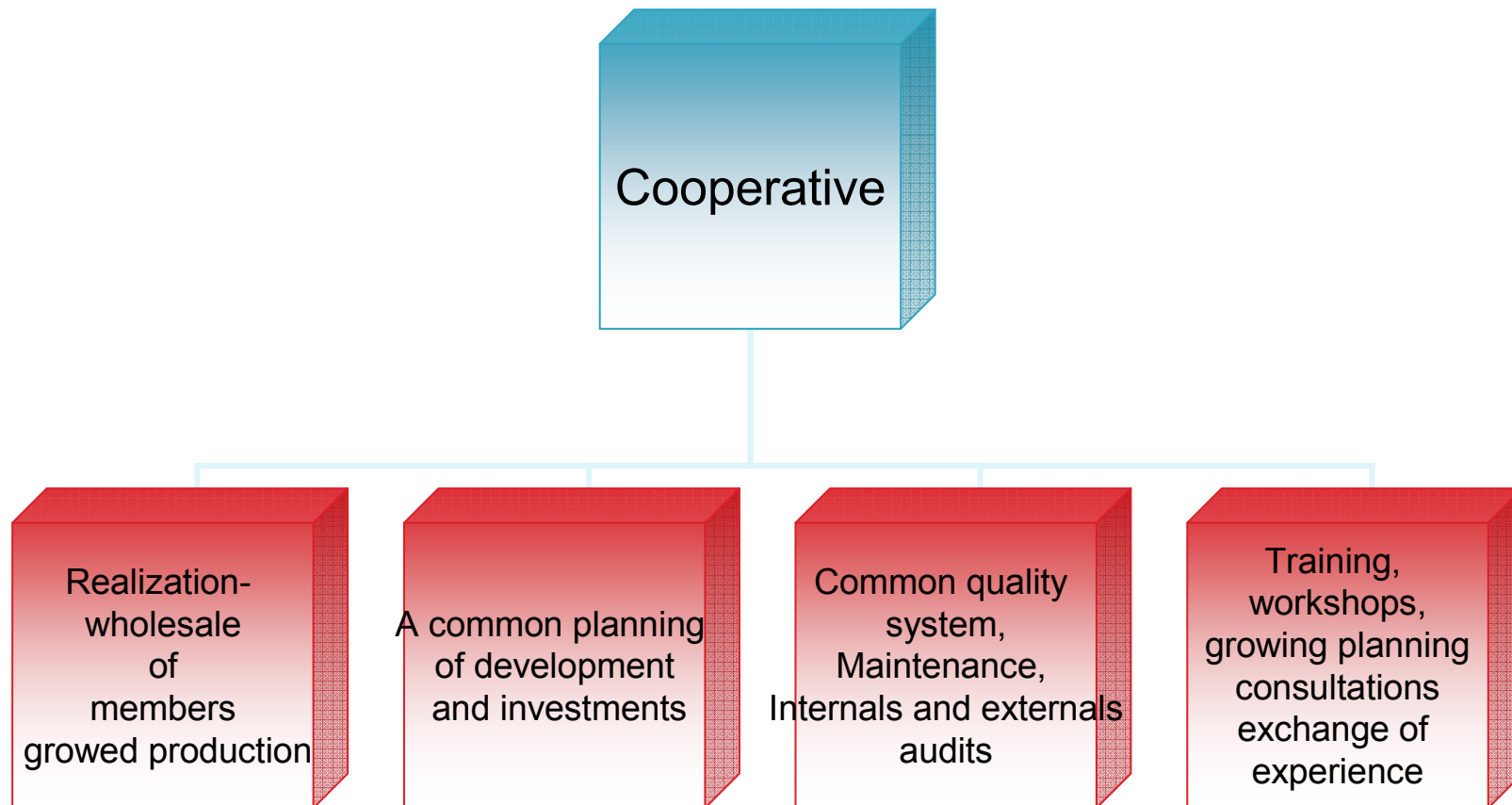


Quality



- ▶ Quality scheme “Green spoon”
- ▶ Integrated growing
- ▶ GLOBALG.A.P. certification

Cooperation principles

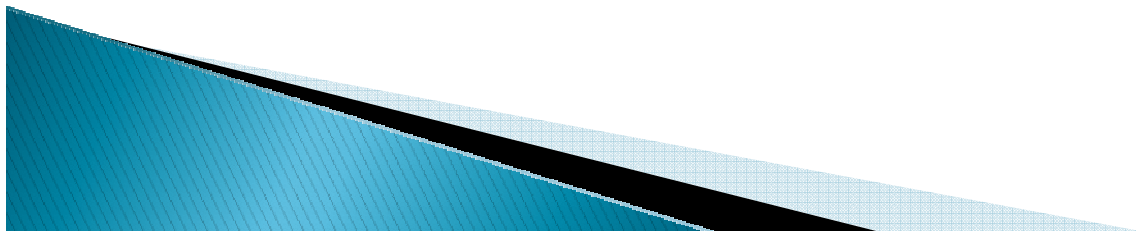


Participation in program: “School fruit”



Agricultural cooperatives and producer groups

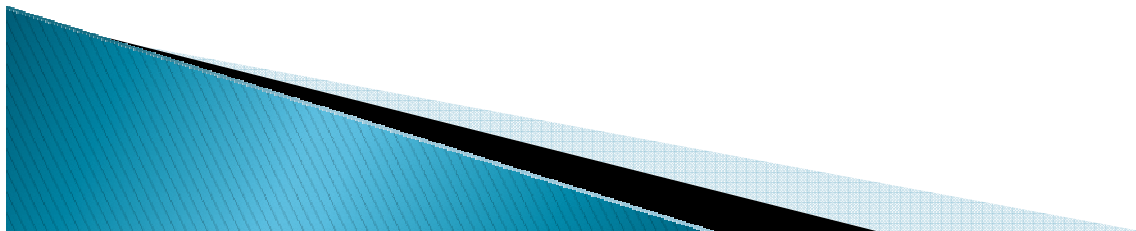
- ▶ In Cooperative must be 5 members(fruit and vegetables), for multisectoral must be 10 members (cereals, milk)
- ▶ Initial support for cooperative 5000 LVL(more as 7000 EUR)
- ▶ Turnover for producer groups from realization of recognized products must be 33000 LVL (50 000Eur) in last 12 months
- ▶ Recognized Products from EC Regulation 1234/2007 1. annex IX part (fruits, vegetables, herbs)



Recognition period and plan

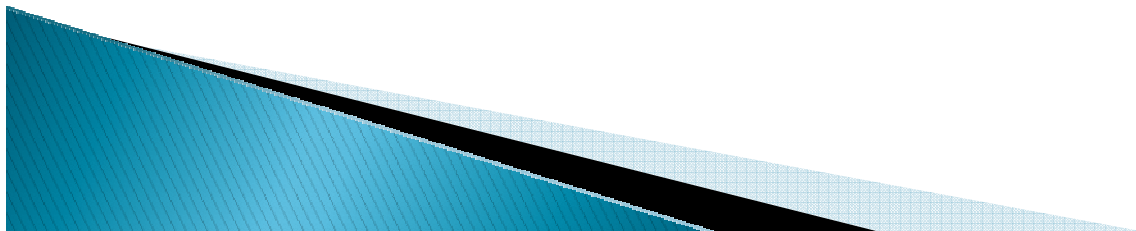
- ▶ Recognition period can be 5 years
- ▶ In this period PG can receive support in two options- 1) administrative support- (10%; 8%;6%; 4% from turnover of PG
- 2) investment support – 50% from EC and 25% from state

Concluding recognition period PG must become as PO(producer organization)



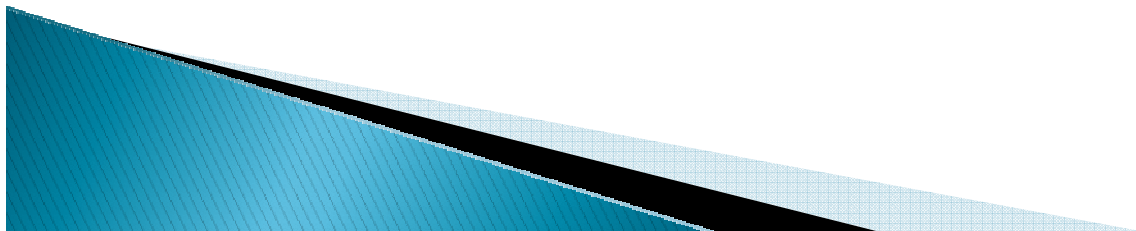
Producer organization in Latvia

- ▶ **Recognition criteria of producer organisations (EC regulation 1234/2007 122./a and EC regulation 543/2011 26./1.)**
- ▶ **Must be 5 and more members**
- ▶ **Turnover per year no less as 700 000 LVL for vegetables;**
- ▶ **Turnover for fruits, berries and vegetables 200 000 LVL;**
- ▶ **Fruits and berries 100 000 LVL**
- ▶ **Value of recognized products are > as other product value**
- ▶ **PO has no tax debts**
- ▶ Member of PO can sale his production outside from PO no more as 25% from recognised product
- ▶ Must work in accordance by operational programm(3 years)
- ▶ A lot of annual reports

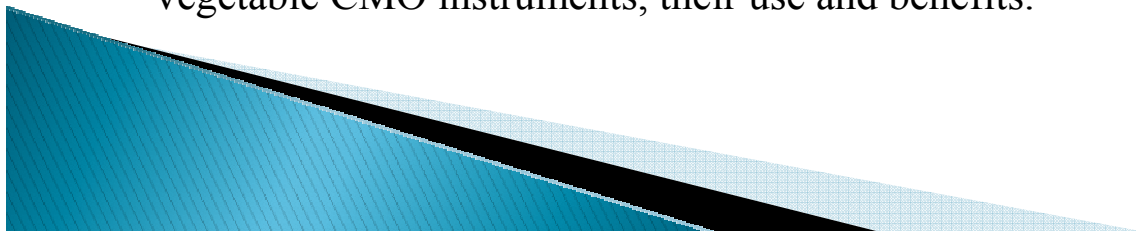


Investments and operational programs PO

- ▶ At amount 4,1 % from recognized production can get support 50-60% from investments
- ▶ For investments must be separated bank account
- ▶ Operational programs include -70% production planning
 - 70% for recognized products quality improving
 - 50% for marketing and comercial value improving
 - 30% for research and experimental production
 - 30% for trainings
 - 30% for crisis prevention and management
 - 30% for environmental programs(after EC 1234/2007 103.c 3)



- ▶ Cons:
- ▶ Latvian development of cooperation there has been relatively slow, which is related to the negative experience of the Soviet time of cooperation , as well as a lack of trust between manufacturers , so that the current fruit and vegetable CMO instruments involved acquiring in a small number of farms .
- ▶ · Fruit and vegetable farm structure is fragmented, largely dominated by small farms (especially fruit growing), and often they are not concentrated in one area (county , region) , thus it is difficult to create a single , shared storage products , sales and logistics point. Thus, the fruit and vegetable CMO scheduled investments are often implemented on individual farms .
- ▶ The desire to make use of attractive rates of aid has led some producers in financial difficulties
- ▶ · Future CMO proposal does not support the formation of PG. LV thanks to this instrument have developed existing PO and PG .
- ▶ pros :
- ▶ · To date, existing support for fruit and vegetable PG "new MS " was an excellent instrument to facilitate the establishment of PG in those areas where cooperation was not whether or it was weak .
- ▶ · With the currently available support for the fruit and vegetable PG has implemented significant investments , thus increasing the quality of products , ensuring better storage and preparation of market opportunities.
- ▶ · Recognized PG and PO are a good example to other producers of fruit and vegetable as implementation of CMO instruments, thus contributing to the overall uptake of the fruit and vegetable CMO instruments, their use and benefits.



Thank you for attention!

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