LITHUANIAN INSTITUTE OF AGRARIAN ECONOMICS

AGRICULTURAL AND FOOD SECTOR IN LITHUANIA

2013

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An analytical review of the Lithuanian agricultural and food sector over the period of 2009–2013. "Agricultural and Food Sector in Lithuania 2013" is intended for representatives of governmental and self-governing authorities, scientific research and study institutions, and all interested in the development of agricultural and food sector, fisheries and rural areas.

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ABBREVIATIONS

AB – Joint Stock Company
AIRBC – Agricultural Information and Rural Business Centre
AFMIS – Agricultural and Food Market Information System
CAP – Common Agricultural Policy
CN – combined nomenclature
CNDP – complementary national direct payment
EAGF – European Agricultural Guarantee Fund
EC – European Commission
EU – European Union
EU-12 – Member States since 2004 and 2007
EU-15 – the old EU Member States
EU-28 – all EU Member States in 2013
FADN – Farm Accountancy Data Network
GDP – gross domestic product
GVA – gross value added
LIAE – Lithuanian Institute of Agrarian Economics
LTL – Lithuanian Litas
l.w. – live weight
RDP – Rural Development Programme
TPNS –transitional period national support
UAA – utilized agricultural area
VAT – value-added tax

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FOREWORD

The publication “Agricultural and Food Sector in Lithuania 2013” is the fifteenth edition of the annual publications by the Lithuanian Institute of Agrarian Economics (LIAE). This analytical economic survey of agriculture, processing industry and fisheries was prepared referring to the statistical information, accountability data of companies, and the findings of research conducted by the LIAE staff.

The year 2013 was one of the most successful for the Lithuanian agricultural and food sector within the entire period under analysis. While in 2013, as compared to 2012, the gross domestic product created in agriculture, forestry and fisheries went up by only 1.6%, but the growth was faster than in the whole country. In 2013 the Lithuanian agricultural and food sector increased export even by 10.8%. Balance of foreign trade in agricultural and food products has been positive since 2004. In 2013 it was 2.5 times higher than in 2009 and amounted to LTL 3385 million. National agricultural development was encouraged by the European Union (EU) and national budget support. In 2013 the share of the funds in the Lithuanian budget, assigned for financing of direct and investment assistance in agriculture, intervention and other market regulation measures, amounted to LTL 3.23 billion.

The publication presents changes in the indicators of the agricultural and food sector development covering the five-year period and focusing more considerable attention on the events and outcomes in 2013. With an aim of retaining the possibility for comparing the key tendencies, data in all surveys is provided following the single methodology and structure.

As in any previous year, some preliminary statistical indicators for the year 2013 were used. Final economic and financial outcomes will be reflected in the later publications of the Department of Statistics and in the next-year LIAE survey. Insignificant deviations due to rounding are possible in statistical data.

The publication is intended for all who are interested in the achievements and problems of the agrarian and food sector. Material provided here might be useful for agricultural specialists and scientists, farmers and entrepreneurs, teachers and students.

Our sincere gratitude goes to the Heads of the Department of Statistics and the Ministry of Agriculture of the Republic of Lithuania, the Agricultural Information and Rural Business Centre and their staff members for provided statistical information and advice. Dear readers, we are kindly looking forward to your remarks and proposals.

Dr. Rasa Melnikienė,
Director of the Lithuanian Institute of Agrarian Economics

I. ACHIEVEMENTS OF LITHUANIAN AGRARIAN SECTOR AND KEY FACTORS INFLUENCING THEM

1. Importance of agricultural and food sector in the national economy

In 2014, Lithuania has marked its EU membership decade with the growing economy and stable macroeconomic situation. Having recovered after the economic crisis, Lithuania has preserved its positions among the EU leading countries in terms of the gross domestic product (GDP) growth, which in 2009–2013 reached 119.7% at constant prices. Annual inflation in 2013 dropped to 0.4% (in 2009 reached 1.3%). Unemployment that has increased during the financial crisis period went on gradually reducing. In 2009, unemployment accounted for 13.8%, and in 2013 it dropped to 11.8%. The growth of Lithuania's economy has been developed on the basis of export. In 2013, as compared to 2009, Lithuania's export at current prices increased twice and reached LTL 84.8 billion. Agriculture and food industry have contributed to Lithuania's economic development.

Gross value added (GVA) in the agricultural and food, beverages and tobacco production sector. In 2009, the GVA generated in agriculture, forestry and fisheries that declined due to the reduced purchase prices for agricultural produce later was stably increasing within the entire reference period and in 2013 reached LTL 4139 million. If estimated by this indicator, the year 2013 was most successful for Lithuania's agriculture during the entire period of its independence. Comparing, however, the results of 2013 with the year 2012 it is seen that enhancement just made 1.6%, and this indicator in 2009–2013 increased by 1.8 times (Table 1.1). The growth of the GVA created in agriculture, forestry and fisheries has outpaced the GVA growth in the entire national economy, which during the period of 2009–2013 got increased by 1.4 times.

The more rapid growth rate of the GVA generated in agriculture, forestry and fisheries as compared to that in the national economy predetermined new tendencies in the economic structure of Lithuania. Since the re-establishment of independence a tendency has been observed for several years when with the rapid growth of industry and services sectors a contribution of agriculture to the GVA went on decreasing. In Lithuania, prior to 2009, a tendency of the consistently slumping input of agriculture, forestry and fisheries into the GVA generated in the country has prevailed, which underwent a change from 2009: the share of GVA created in agriculture, forestry and fisheries in 2009 accounted for 2.8%, and in 2010 – 3.3%. The increased production volumes in 2013 determined an increase in the share of the gross value added in the reference sector up to 3.8%.

The GVA generated in the food production industry has increased stably within the entire reference period. The Department of Statistics does not provide the data for 2013, therefore it is possible just to estimate the period of 2009–2012 and the data of this period show the 27.4% GVA increase. This growth in 2012, as compared to 2011, reached 7.5%.

The share of the GVA generated in the agriculture, forestry and fisheries in the structure of Lithuania's economy in 2013 even by 2.5 times has exceeded the same indicator in the old Members States (EU-15) and by 2.2 times the EU-28 indicator. Lithuania was ranked seventh among 28 EU countries according to the share of the GVA created in agriculture, forestry and fisheries. The higher share of the GVA in agriculture, forestry and fisheries in 2013 belonged only to Romania (6.4%), Bulgaria and Latvia (4.9% each), Hungary (4.8%), Croatia (4.7%), and Estonia (3.9%).

Table 1.1. Macroeconomic indicators of agriculture, forestry and fisheries in 2009–2013

Indicators	2009	2010	2011	2012	2013*
Gross domestic product, at current prices, LTL mill.	92032	95676	106893	113735	119575
Gross value added, at current prices, LTL mill.	82910	85914	96066	102678	107656
Gross value added created in agriculture, forestry and fisheries, LTL mill.	2318	2815	3658	4074	4139
Share of agriculture, forestry and fisheries in gross value added, %	2,8	3,3	3,8	4,0	3,8
Gross value added created in manufacture of food products, beverages and tobacco products, LTL mill.	3727	3878	4415	4748	...
Share of manufacture of food products, beverages and tobacco products in gross value added, %	4,5	4,5	4,6	4,6	...

* Preliminary data.

Sources: Data of Statistics Lithuania and Eurostat.

The big share of the GVA generated in Lithuania's agriculture is perceived as the economic advantage of the country. However, it is necessary to focus attention to the fact that the smaller input of agriculture in the economic structure is characteristic of the old EU Member States which implemented successfully the stage of industrialization and are leading in the EU by the GDP per capita. For example, in the country with the highest GDP per capita in the EU – Luxembourg where in 2013 this indicator reached LTL 288 thousand, the share of the GVA created in agriculture, forestry and fisheries was the smallest – 0.3%. In 2013, Denmark (GDP per capita – LTL 153,3 thousand) and Sweden (LTL 151,2 thousand), ranked second and third, also have the small share of the GVA generated in agriculture, forestry and fisheries – 1.5% each. Fig. 1.1 demonstrates the share of the GVA created in agriculture, forestry and fisheries and the GDP per capita.

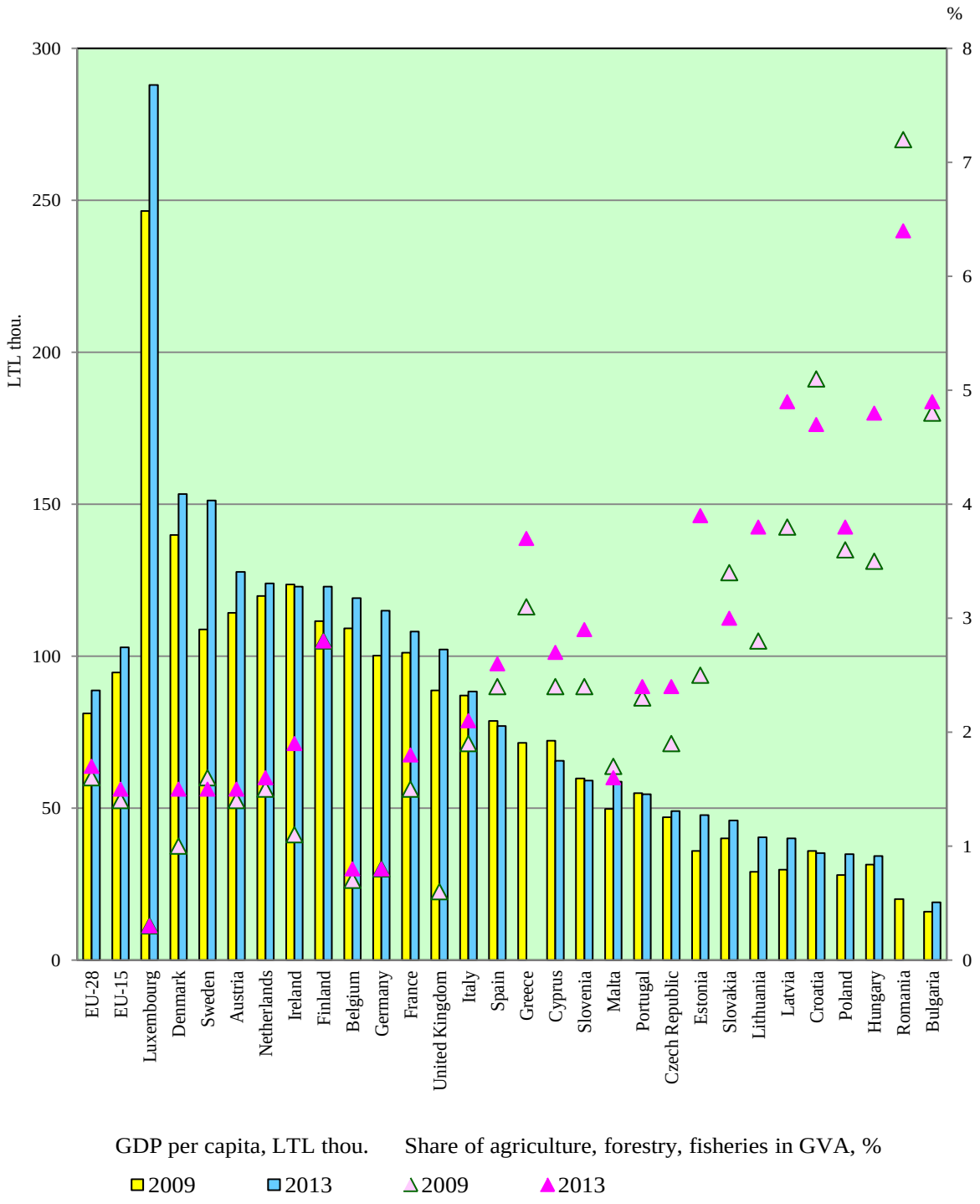


Fig. 1.1. The share of value added created in agriculture, forestry and fisheries in the total country's value added in Lithuania and other EU countries in 2009 and 2013, per cent

Source: Data of Eurostat.

Most important foreign trade tendencies. The big share of agricultural and food industry products manufactured in Lithuania belonged to export. Even though when estimating export and import variation tendencies of agricultural and food products it is possible to state that foreign trade volumes in this sector were less impacted by the crisis than foreign trade indicators of other branches of the economy, in 2009 the export of agricultural and food products dropped to LTL 7979.4 million, the share of exported goods in this group increased to 19.6% in the total export of the country. The improving economic situation in export markets created preconditions for an increase of exports in agricultural and food products. Since 2010 a stable tendency of this indicator growth has been formed. In 2013, export volumes reached LTL 16217.1 million and exceeded the volumes of 2009 by more than 2 times (Table 1.2). The year 2013 in terms of increase in export volumes was more successful for Lithuania's agriculture and processing food industry if compared to 2012, when farmers yielded a record harvest of crops.

Table 1.2. Export, import and foreign trade balance of agricultural and food products in 2009–2013

Indicators	2009	2010	2011	2012	2013*
Value of exported products, LTL mill.	7979	9710	11530	14640	16217
share in total export, %	19,6	18,0	16,6	18,4	19,1
Value of imported products, LTL mill.	6650	7978	9580	11275	12832
share in total import, %	14,7	13,1	12,2	13,1	14,0
Foreign trade balance, LTL mill.	1329	1733	1950	3365	3385

* Preliminary data.

Source: Data of Statistics Lithuania.

Lithuania has retained the most important export markets of agricultural and food products and expanded its export geography. In 2013 Russia remained the major export partner in the export of agricultural and food products. Export to this country accounted even for 29.3% of the total value of export in agricultural and food products, and during the year it augmented by 9.9%. The second partner is Latvia, with export to this country having increased within the same period only by 0.7% (LTL 1764.7 million), and its share in the export structure accounting for 10.9%. Germany was ranked third as to export importance, whereas the amount of products shipped into this country was by 15% lower than in 2012 (for LTL 1097.9 million), and its export share constituted 6.8%. It is important to underscore that new and important export partners Saudi Arabia and Iran, which emerged in 2012, also remained of importance in 2013: export to Saudi Arabia increased by 69%, export volumes to Iran did not decrease either. In 2012 Lithuania exported its agricultural and food products to 131 countries, and in 2013 to 134 countries.

Estimating Lithuania's foreign trade tendencies within the reference period, it is possible to state that crisis has made an enormous impact for both exports and imports. In 2009, the import of agricultural and food products got decreased to LTL 6650.2 million. Within the period of 2009–2013, import increased almost by two times and reached LTL 12831.8 million. The share of imports of agricultural and food products in

the import of the country within the reference period was quite stable and constituted around 12.2–14.7% (in 2011 and 2009, respectively) of the total imports of the country. Upon analysis of the balance of foreign trade in agricultural and food products, a conclusion should be drawn that export growth is not only predetermined by the growth of Lithuanian agricultural production volumes but also by the growth in imports.

In the period of 2009–2013, the share of export in Lithuanian origin products has dropped against the total export of agricultural and food products. Re-export increased more rapidly than export in agricultural and food products of Lithuanian origin. Value of exported products went up due to the growth in the value of products of Lithuanian and non-Lithuanian origin, whereas the value of export in non-Lithuanian origin products which is based on import of agricultural and food products manufactured in other countries increased more rapidly than of products manufactured in Lithuania. In 2013, export of the latter as compared to 2012 increased by 6.9%, re-export by 18%. Within the period of 2009–2013, export of products of Lithuanian origin increased by 1.8 times, and re-export went up by 2.7 times. In 2013, products of Lithuanian origin accounted for 64% of the total export in agricultural and food products.

Employment and earnings. Estimating the employment situation on the basis of long-term tendencies of Lithuania's economic development, it should be stated that decline in the number of workforce due to the population emigration has not left agriculture aside. In 2013, the number of the employed in the national economy comprised 1292.8 thousand, and, as compared to 2009, their number dropped by 24.6 thousand, or by 2.7%. Even though within the period of five years the tendencies remained negative, nevertheless, the employment reduction tendency prevailing in the Lithuanian labour market until 2010 was replaced by the growth in the number of the employed from 2011. Within the period of 2009–2013, even 38.6% of the total reduced number of the employed in Lithuania's economy belonged to agriculture, forestry and fisheries sectors. Tendencies for rapid changes in the employment in agriculture have been formed since the beginning of Lithuania's membership in the EU. The economic crisis somewhat stopped a decline of employment in agriculture, as part of the working age rural population who in the years of the economic uplift were employed in the construction, services or industry sectors after losing their jobs due to crisis joined the ranks of the farmers again. However, the slumping tendency of employment in agriculture, forestry and fisheries has become distinct since 2010. In 2013 this indicator reached 8.4%, as compared to 2009, decreased by 0.6 percentage points, and comparing 2013 with 2012 this decline reached 0.4 percentage points. The reduction of employment in agriculture was one of the causes for unemployment growth. According to the data of the Department of Statistics, in 2009, 6.1% of the population having no jobs in Lithuania and actively searching for it prior to losing their jobs worked in agriculture. In 2010, this indicator augmented to 6.9%, in 2011 to 8.7%, and in 2012 reached 8.4%.

With an increase of the GVA created in agriculture, forestry and fisheries and reduction in the number of the employed, labour efficiency – the GVA per average working unit – went on increasing. Within the period of 2009–2013, this indicator increased from LTL 19,6 to 38,0 thousand per average working unit, i.e. by 94.1%. The rapid growth of labour efficiency indicators was determined by the fact that the beginning of the period under analysis coincided with the financial crisis, which was accompanied with the GVA reduction within the first years of the reference period. In 2013, as compared to 2012, this growth reached 103.3%. Labour efficiency growth was

accompanied by an increase in the earnings of farmers. In evaluating the earnings of farmers and labour efficiency in the economic literature, the GVA indicator is commonly used for reference, even though this indicator is more suitable for determining the efficiency of the industrialization process of agriculture. While analyzing changes in the mutual proportions of the GVA constituents, it is possible to assess the level of decrease of labour costs for production of agricultural produce unit with the enhancement of supply of agriculture with the long-term capital. The net added value indicator illustrates better the dynamics of earnings of the employed in agriculture, as it shows the newly created value in the sector. The structure of the net added value indicator shows how earnings are distributed between the business entities and hired employees, and to what extent the agrarian sector is an important source of earnings for those rural residents who do not have a farm, or their owned farm does not create the sufficient income for living. Data of economic accounts for agriculture show an increase in the net added value within the period of 2009–2013 by 2.3 times – from LTL 1291.1 million in 2009 to LTL 3022.8 million in 2013. In 2013, compensations for workers just made 88.6% of the 2009 level, and business income (without direct payments) against the negative result, incurred in 2009, when loss reached LTL 266.8 million, went up to LTL 1124.1 million in 2013. Based on the data of economic accounts for agriculture, the calculations showed that with the improvement of the situation in the economic sector and with the rapid increase in business earnings, the average monthly wage in agriculture went on decreasing. Within the period of 2009–2013, it decreased by one tenth and in 2013 reached LTL 1300.

The additional factor in the increase of income of other agricultural producers has become the annually augmenting direct payments, paid from the EU and national budget funds. Due to this support, agricultural producers received additionally income: in 2009 LTL 1.13 billion, in 2010 LTL 1.20 billion, in 2011 LTL 1.23 billion, in 2012 LTL 1.29 billion, and in 2013 LTL 1.39 billion. During the financial crisis period, in 2009 and 2010, the direct payments gave the opportunity for the farmers to compensate the loss incurred and to receive profit (Fig. 1.2).

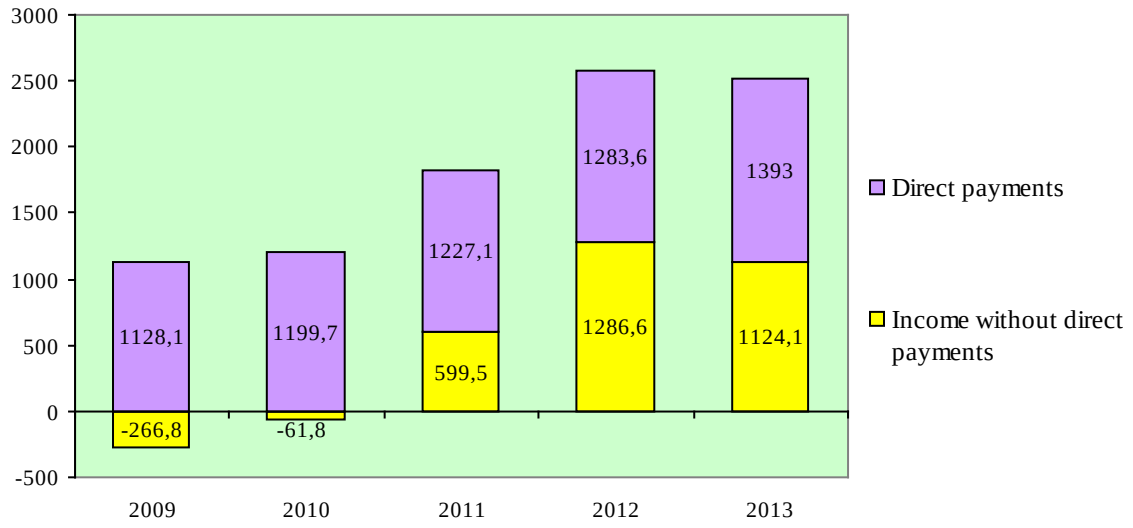


Fig. 1.2. Income from agriculture and direct payments in 2009–2013, LTL million

Source: Economic Accounts for Agriculture.

With the improvement of macroeconomic agricultural indicators and with the growth of earnings of farmers, the income of Lithuania's rural population in 2009–2011 was by over 20% lower than of the urban population. In 2011, the disposable income per household member reached LTL 836 per month in rural areas, and LTL 1106 in urban areas, i.e. by 25% more. In rural areas a high level of poverty risk has been still retained. According to the data of the Department of Statistics, a poverty risk level in 2009 reached 31.6%, and in 2012 dropped to 28.5%, but it was still by more than two times higher than in rural areas, where this indicator in 2013 reached 13.7%. According to the data of the Department of Statistics, most often pensioners and unemployed are subject to the threat of poverty. Data of the Farm Accountancy Data Network (FADN) show that income deficiency is characteristic of small farms as well. In 2009, the total profit with subsidies in the farms of up to 10 ha per full-time employment farmer's farm member reached LTL 9684 per year. In 2013, this indicator dropped to LTL 5849. The gap between the large and small farms increased consistently throughout the entire period of 2009–2012. In the farms, holding more than 150 ha of utilized agricultural areas (UAA), the total profit with direct payments per full-time employed farm member reached LTL 249785. These figures show that the applied model of EU support distribution between farms has increased the property differentiation, and EU support contribution in solving the problems of the income level in small farms is insufficient.

2. Gross agricultural production

According to the preliminary data of the Department of Statistics, the gross agricultural output in 2013, if calculated at current prices, was produced for LTL 9.12 billion, i.e. by 2.6% less than in 2012. This was predetermined by the lower yield of some crop products and procurement prices. Within the entire period under analysis, the crop output comprised the major part of the gross agricultural output value as compared to animal output, but this share in 2013, as compared to 2012, decreased by 3.6 percentage points (Table 1.3).

Table 1.3. Structure of gross agricultural production* in 2009–2013

Output	2009		2010		2011		2012		2013**	
	LTL mill.	%	LTL mill.	%	LTL mill.	%	LTL mill.	%	LTL mill.	%
Total	5707,0	100	6388,2	100	8128,0	100	9361,2	100	9121,9	100
crop production	3239,5	56,8	3476,2	54,4	4825,1	59,4	6049,6	64,6	5564	61,0
animal production	2467,5	43,2	2912,0	45,6	3302,9	40,6	3311,6	35,4	3557,9	39,0

* At current prices.

** Preliminary data.

Source: Data of Statistics Lithuania.

In estimating by counties, the major share of crop output in 2012 was in Šiauliai, Marijampolė and Kaunas counties (76.6, 71.0 and 66.8%, respectively), and the least in Klaipėda, Vilnius and Tauragė counties (47.5, 48.1 and 49.3%, respectively). The highest growth in the share of crop output in 2012, as compared to 2008, was fixed in Kaunas,

Marijampolė and Vilnius counties (9.8, 9.3 and 7.8 percentage points, respectively). In the Klaipėda and Tauragė counties, possessing the least share of crop production, this share in 2012 as compared to 2008 increased by 3.9 and 2.5 percentage points.

The decrease of the gross agricultural output if estimated at constant prices is not so high (1.5%). Throughout the entire period of 2009–2013, changes in crop and livestock output, as compared to the previous years, vary (Fig. 1.3). In 2010 crop output decreased most of all – by 17.4%. Its highest increase was in the year 2012. The volume of animal output decreased most considerably in 2009 – by 6.1% and increased most of all in 2010 – by 3.0%. The volume of animal output in 2013, as compared to 2012, increased by 1.0%.

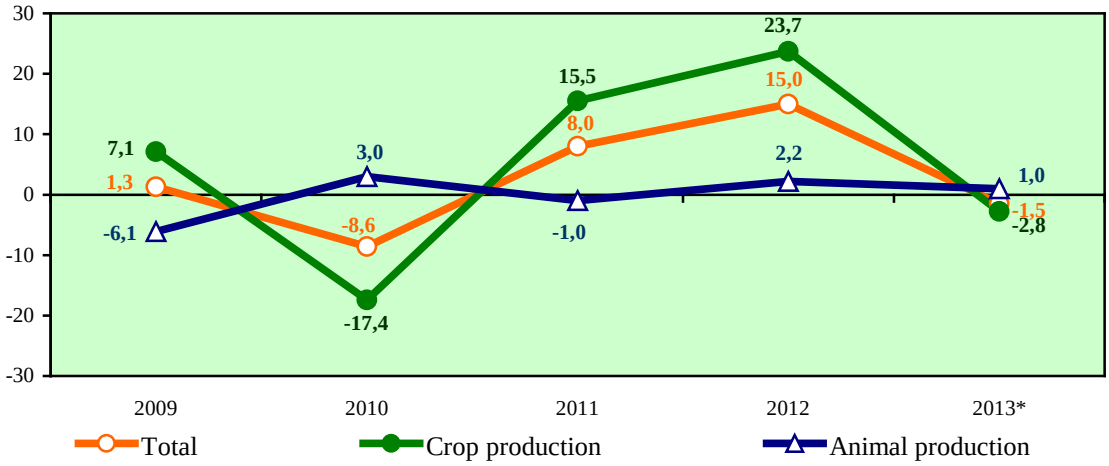


Fig. 1.3. Changes in gross agricultural output in 2009–2013***, per cent**

* Preliminary data.

** At constant prices.

*** Compared to the previous year.

Source: Data of Statistics Lithuania.

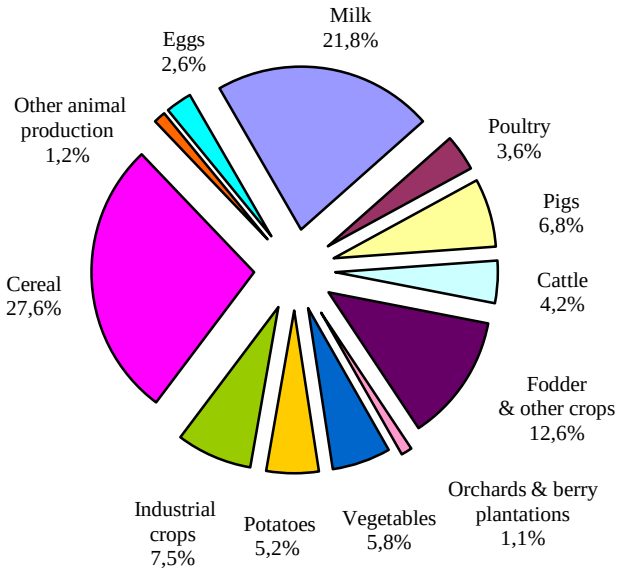
The value of crop output in 2013, as compared to 2012, was by 8% lower. This was conditioned by the decreased yield of: rapeseed – 13.3% (due to 1.2% smaller harvested area and 12.3% lower yielding capacity), grain crops – 3.9% (due to 8.1% lower yielding capacity), sugar-beets – 3.6% (due to 8.3% smaller harvested area). Lower purchase prices for rapeseed and grain crops also contributed to the decrease of the crop output value (23.6 and 14.5%, respectively).

The value of livestock production in 2013, as compared to 2012, increased by 7.4%. This was owing to the increased purchase prices of some animal products.

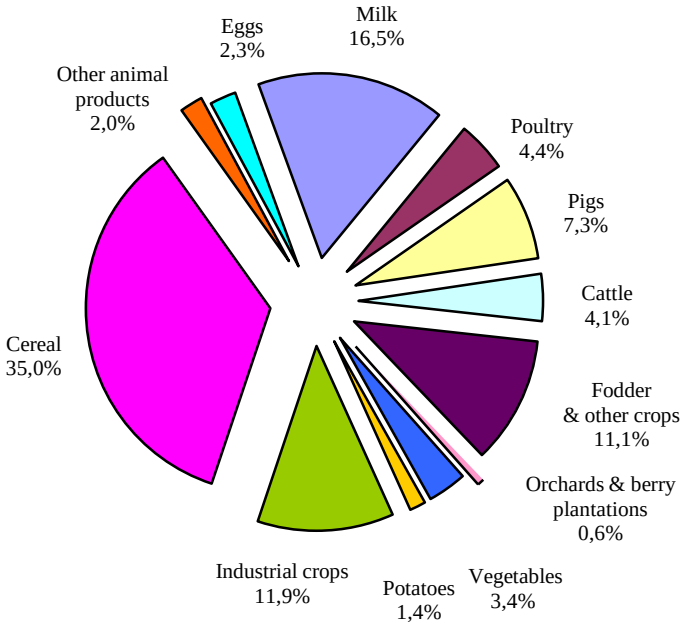
The major part in the gross agricultural production structure in Lithuania in 2009 and 2013 belonged to cereals (27.6 and 35%, respectively) and milk (21.8 and 16.5%) (Fig. 1.4).

In 2013, as compared to 2009, the share of cereals and industrial crops increased most of all in the gross agricultural output structure (by 7.4 and 4.4 percentage points, respectively), whereas the share of milk, potatoes and vegetables decreased most considerably (by 5.3, 3.8 and 2.4 percentage points, respectively). The main reasons for negative tendencies in the dairy sector are low purchase prices for milk and relatively lower direct payments as compared to crop products.

2009



2013



* Preliminary data.

Fig. 1.4. Structure of gross agricultural production in 2009 and 2013

Source: Data of Statistics Lithuania.

The gross agricultural output structure in individual EU countries varies. All EU countries as to the gross agricultural output structure may be divided into three groups. The first group consists of the countries where animal production is prevailing (e.g., Ireland, Denmark), the second group – countries where the share of animal and crop output is almost equal (e.g., Belgium, Poland), the third group – countries where crop output is prevailing (e.g., Romania, Greece). Lithuania is listed in the third group. In 2013 crop output in Lithuania constituted the same share of agricultural production as in Italy and did not differ much from that in the Czech Republic and France (Table 1.4).

Table 1.4. Structure of gross agricultural production in EU countries in 2009 and 2013

Country	2009			2013		
	crop production, %	animal production, %	gross agricultural production, LTL/ha UAA	crop production, %	animal production, %	gross agricultural production, LTL/ha UAA
Ireland	29,0	71,0	3468	25,7	74,3	5137
Denmark	35,5	64,5	10911	34,7	65,3	15382
Finland	37,6	62,4	5303	39,9	60,1	6943
United Kingdom	39,8	60,2	4758	39,2	60,8	6009
Malta	41,4	58,6	36660	41,4	58,6	37269
Estonia	44,7	55,3	1925	46,1	53,9	3061
Sweden	46,1	53,9	5035	48,1	51,9	6706
Austria	46,2	53,8	6619	45,6	54,4	8046
Luxembourg	49,0	51,0	8102	53,6	46,4	11429
Cyprus	49,3	50,7	18484	50,9	49,1	20541
Belgium	50,4	49,6	19137	42,4	57,6	21818
Poland	51,0	49,0	5113	50,6	49,4	5460
Slovakia	51,1	48,9	3055	58,3	41,7	3869
Germany	51,7	48,3	9009	48,6	51,4	10992
Slovenia	52,4	47,6	7592	53,3	46,7	8366
Czech Republic	54,7	45,3	3819	61,9	38,1	4917
Netherlands	55,4	44,6	41180	52,8	47,2	49390
Latvia	55,7	44,3	1080	56,7	43,3	1547
Portugal	56,1	43,9	5677	57,1	42,9	6217
Lithuania	**56,8**	**43,2**	**2201**	**61,0**	**39,0**	**3568**
Hungary	60,0	40,0	4677	63,4	36,6	5631
Croatia	60,4	39,6	7652	63,4	36,6	6795
France	61,0	39,0	7634	60,1	39,9	9012
Spain	61,8	38,2	5348	62,6	37,4	6263
Italy	61,9	38,1	11362	61,0	39,0	13031
Bulgaria	63,4	36,6	2652	68,6	31,4	2819
Romania	66,6	33,4	3835	75,0	25,0	4289
Greece	69,6	30,4	9779	70,2	29,8	9647

Source: Data of Eurostat.

In 2013, the highest gross agricultural output per 1 ha UAA was in the Netherlands, Malta, Belgium, and Cyprus. These countries utilized rationally their natural and industrial resources, selected priorities according to their competitive advantages and situation on the market. In 2012, Lithuania's gross agricultural output per 1 ha UAA was one of the lowest in the EU. Compared to Denmark where conditions are similar, this indicator was lower by more than 4 times. After making a deeper analysis it could be seen that this is due to purchase prices for agricultural products which are lower than in other countries and support.

Comparing the gross agricultural output per 1 ha UAA in individual EU countries, it is seen that no distinct variation exists between groups. These indicators in both crop-growing and livestock-breeding are similar. For example, in Ireland where animal output constitutes almost three fourths of the gross agricultural output, the gross agricultural output per 1 ha UAA is nearly the same as in Hungary where animal output in 2013 constituted just 36.6% of the gross agricultural output. In 2013, in Lithuania, the gross agricultural output per 1 ha UAA was by 16.6% higher than in Estonia where more than a half of the gross agricultural output consists of animal output.

Procurement volumes and prices for agricultural products as well as prices of material resources necessary for their production have the strongest impact on the volumes of the gross agricultural output. The volume and structural changes of the agricultural production in Lithuania were also determined by the ever changing market conditions. Volumes of individual agricultural products purchased during the period of 2009–2013 varied unevenly. In 2013, in comparison with 2012, purchase of rapeseed decreased 13.9%, grain by 4.5%, potatoes by 0.2%, whereas fruit and berries, and vegetables increased by 15.6% and 1.4%, respectively. Procurement tendencies of animals and livestock products are also ambiguous. Purchased animals and poultry (live weight) increased by 7.3%, whereas milk purchase decreased by 1.5%. These changes were much influenced by the prices of agricultural products and material resources required for their production.

Tendencies of price index variation for agricultural products and resources required for their production within the period of 2009–2013 slightly differed. The highest price index on crop and animal products as well as on inputs was in 2011 and lowest in 2009. Nevertheless, in 2013, as compared to 2012, variations were different: prices for crop products and inputs dropped by 2.9 and 3.4%, respectively, and for animal products increased by 7.2%. These price index variations during the period of 2009–2013 predetermined the disproportion (the so-called price scissors) between the purchase price for agricultural products and the price of inputs (Table 1.5).

Table 1.5. Price indices of agricultural products and inputs in 2009–2013, per cent

Indicators	2009	2010	2011	2012	2013
Price scissors	95,4	110,5	103,9	91,7	106,1
Purchase price indices of agricultural products					
total	75,5	116,6	123,8	99,5	102,5
crop products	67,7	122,6	137,5	97,1	97,1
animal products	82,2	112,4	113,3	101,7	107,2
Price index of inputs	79,1	105,5	119,1	108,5	96,6

* Compared to the previous year.

Source: Data of Statistics Lithuania.

Most unfavourable for agricultural producers was the year 2012 when prices for crop products, as compared to the previous year, dropped by 2.9%, prices for animal products increased by 1.7%, and prices of inputs went up even by 8.5%. The year 2009 was also most unfavourable for farmers, though somewhat less unfavourable than 2012. During the period of 2009–2013 the most favourable for farmers was the year 2010.

It should be noted that impact of price scissors on crop and animal production producers varied. The year 2013 was more favourable for producers of animal products, since their production purchase prices were by 7.2 percentage points higher, as compared with the previous year, and prices of inputs by 3.4% lower. The situation in the crop production sector in 2013, as compared to 2012, was less favourable, as price index of inputs was just by 0.5 percentage points lower than purchase price index of crop production.

3. EU and national support for the development of Lithuania's agricultural and food sector

Beginning with the year 2004, Lithuanian farmers, agriculturists and rural population have used the advantages of the Common Agricultural Policy (CAP). This policy is aimed at helping agricultural entities to compete on the international market and to encourage the development of rural areas, primarily poorer ones. In addition, the CAP contributes to the supply of the population with safe and qualitative food products, stimulates to maintain the safe environment, helps to get adapted to the changing international trade rules, performs the function of agricultural entities' income maintenance, etc. To tackle these tasks, aid is granted to the agricultural entities from the EU and national budget. In 2013, part of the funds, allocated for financing of agriculture, comprised LTL 3233 million, i.e. by 15.8% more than it was foreseen in 2012 (LTL 2791 million).

Direct payments. Direct payments for more than 20 years is the main tool of CAP support in EU countries, intended for maintenance of the level of farmers' income, generated from agricultural activities. Their major part is decoupled from production volumes. Direct payments in Lithuania are paid to agricultural production entities for the declared crop areas, animals and quota milk under the Single Payments Scheme. In 2013, in Lithuania as in the previous year direct support was paid from the European Agricultural Guarantee Fund (EAGF) and from the national budget by paying complementary national direct payments (CNDP). The share of the EAGF funds, intended for Lithuania's direct payments, constituted 94% in 2013. In 2013, payments made, including the share allocated for 2012, amounted to LTL 1596.2 million (in 2013 LTL 1312.4 million was granted) (Fig. 1.5). Of these funds, direct payments are paid for the declared UAA, sugar, beef cattle and meat sheep. As compared to 2012, the share of funds, allocated by the EAGF, increased by 9.4%, and payments made accounted even for 63.7%. Such sudden enhancement of the paid share was determined by the fact that the substantial part of applications for direct payments, submitted in 2012, was paid in 2013.

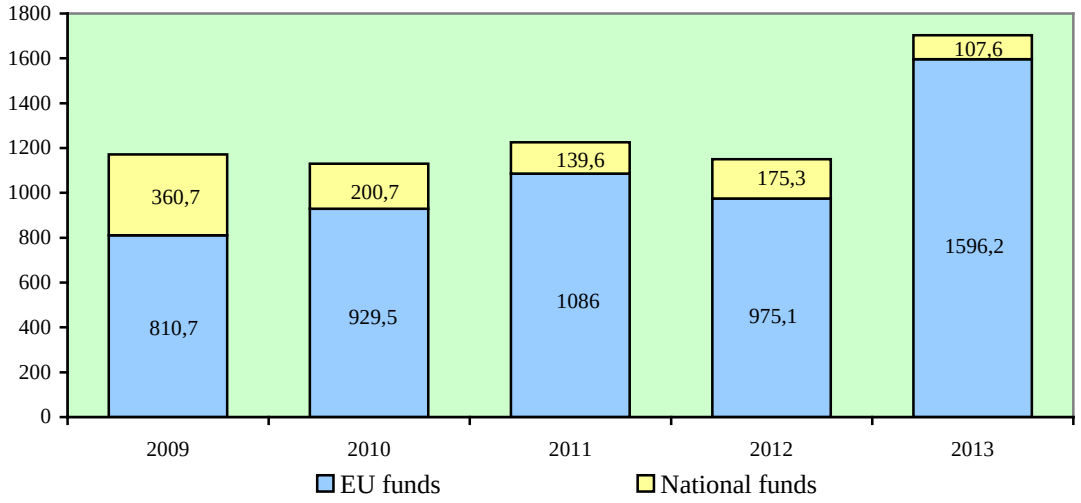


Fig. 1.5. Funds for direct payments in 2009–2013, LTL million

Source: Data of the National Paying Agency.

In 2013, the part of CNDP, paid for the declared animals and UAA in 2012 and earlier years, consisted of LTL 107.6 million, i.e. by 38.6% less than in 2012 (LTL 175.3 million).

The CNDP funds for the production grown in 2013 are not planned, since the CNDP scheme is being replaced by the transitional period national support (TPNS) scheme. The said replacement will not have an effect on payment or administration of national direct payments. It is the scheme name that got changed and is related to the new 2014–2020 CAP period. The maximum permissible TPNS amount to be paid for the 2013 declared animals and UAA after modulation (reduction of the amount of payments exceeding the established limits and transfer of the modulated funds to the rural development fund) – LTL 117 million. This amount is by 10.3% higher if compared to CNDP financing in 2012.

In 2013, the basic direct payments paid to the applicant for UAA areas (not taking into account the kind of crops) comprised LTL 451.72, i.e. by 11.8% more than in 2012 (in 2012, LTL 403.6). Direct payments for grain crops, rapeseed, maize and flax have been fully decoupled from the production volumes from 2007 and for protein crops from 2012. Since 2010 no support is granted to agricultural entities for energy crops (Table 1.6).

Table 1.6. Direct payments in Lithuania in 2009–2013

Kind of payment	2009	2010	2011	2012	2013
EU budget payments					
basic payment, LTL/ha	291	341	370	404	452
quota sugar payment, LTL/t	344	344	344	344	344
energy crops, LTL/ha	155	–	–	–	–
beef cattle payment, LTL/head	–	–	426–546	511–648	442–561
sheep (meat breeding) payment, LTL/head	–	–	38–67	38–68	31–55

Kind of payment	2009	2010	2011	2012	2013
Complementary national direct payments for production*					
grain crops, rape LTL/ha	99	60	33	–	10
protein crops, LTL/ha	180	100	75	45	45
fibre flax, LTL/ha	297	247	217	150	150
perennial herbs for seed and fodder crop mix, LTL/ha	99	60	33	–	–
energy crops LTL/ha	99	–	–	–	–
suckler cows, LTL/head	590	590	400	310	310
bulls, LTL/head	543	543	543	600	800
bull production extensification, LTL/head	50	50	–	–	30
slaughtered adult cattle, LTL/head	220	213	30	–	30
ewes, LTL/head	48	48	40	39	26
quota milk, LTL/t	87	87	70	70	65

* Total sum of coupled and decoupled payments.

Source: Data of the Ministry of Agriculture.

Seeking to stimulate the rearing of cattle in Lithuania, national support for 2013 is allocated not only for bulls, but also slaughtering and bull rearing extensification payments that were not envisaged livestock for 2012 are allocated. In addition to these payments, a specific support scheme for beef cattle and sheep of meat breeds under Article 68 (1) of the Council Regulation (EC) No. 73/2009 has been continued in 2013 in Lithuania. Financing under this scheme is carried out from the EAGF funds, redistributing the financial envelope of direct payments for the years 2011–2013.

Beef cattle keepers meeting the requirements for payments under a specific support scheme were additionally paid from LTL 441.8 to LTL 561.1 per head, and keepers of sheep of meat breeds were guaranteed an additional payment from LTL 30.9 to LTL 54.5 per head (Table 1.7).

Table 1.7. Direct payments for beef cattle and sheep (meat breeds) in Lithuania in 2013

Beef cattle groups by number of heads	Payment, LTL/head	Sheep (meat breeding) groups by number of heads	Payment, LTL/head
1–5	561	1–50	55
6–50	541	51–100	38
51–100	500	101–150	35
101–150	481	>150	31
>150	442		

Source: Data of the Ministry of Agriculture.

Fluctuation of payments was conditioned by the principles for distribution of payments under the specific support scheme – payments are differentiated by the

number of animals in the farm, i.e. the larger number of meat animals the lower average payment per head.

Upon completion of the 2007–2013 CAP period, the size of basic direct payment in 2013 (451.7 LTL/ha) was highest as compared to the previous years of the period. The permanently increasing basic payment until the year 2012 decreased the share of national support in crop growing and livestock breeding farms. However, in 2013, upon coordination of the TPNS payments in Lithuania with the European Commission (EC), support for national direct payments, as compared to 2012, increased by more than 10%. In 2013, granting of national support to the cultivators of grain crops, rapeseed and maize was renewed. Payments for extensification and payments for adult slaughtered animals were also renewed, support for bulls increased by more than 33.3%. In accordance with the EC established maximum limits of direct payments for agricultural production, in 2013 payments just for sold quota milk (by about 7.1%) and reared ewes (by about 33.3%) got reduced.

Export refund payments is the compensation of the difference between the global and EU market prices and are paid for production shipped outside the EU into third countries. Those payments are paid seeking to increase the competitiveness of the EU manufactured products on the markets of third countries. Even though export refund payments are paid to the processors, they also have an impact on the farmers' income, as the opportunities are created to pay a higher price to the growers for their raw production supplied. Export refund payments applied for the products manufactured in Lithuania are of the same rate as in other EU countries.

While implementing the obligations to the World Trade Organization, the countries belonging to the EU agree to ensure the parallel cancellation of all forms of export subsidies (direct export subsidies, export credits, etc.) until the end of the year 2013. In Lithuania, in 2013, the last export refund payments were paid until July. Those payments were paid only for cattle (live or their meat). In 2013, the total amount of export refund payments reached LTL 168.3 thousand, i.e. by 98.1% less than in 2012 (Fig. 1.6).

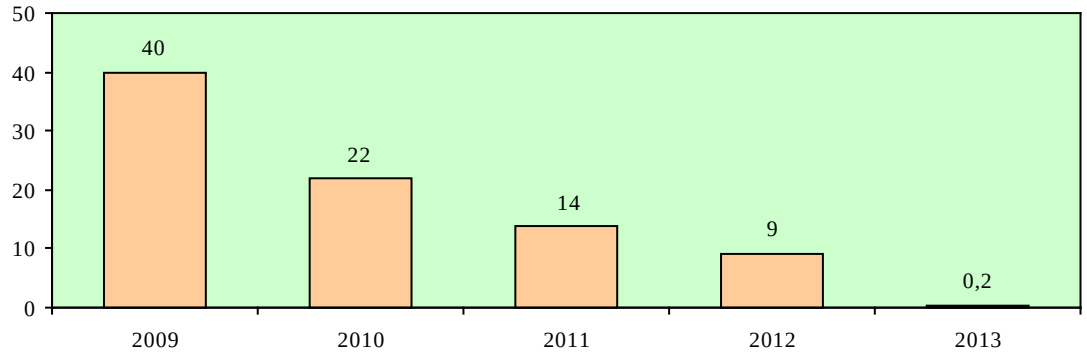


Fig. 1.6. Export subsidies paid in 2009–2013, LTL million

Source: Data of the National Paying Agency.

In 2013, in Lithuania, export refund payments for cattle meat constituted 97.5%, the remaining part of 2.5% was paid for exported live cattle.

Upon cancellation of export refund payments in Lithuania, export is planned to be stimulated by supporting the popularization of trademarks and regional products, continuing the project "Virtual Fair", aimed at encouraging exports of products manufactured in Lithuania by electronic communication means. It is also actively planned to present products of Lithuanian origin at international fairs.

Other market regulatory measures. In Lithuania, as in other EU countries, CAP market regulatory measures like product manufacture quotas, intervention purchases, private storage, and consumption promotion are carried out.

In 2013, as in the previous year, no applications were submitted for intervention purchase of products due to the higher market prices as compared to the established intervention prices.

As in 2012, just butter was under private storage, though its quantity dropped by 54% – from 751 thou. t in 2012 to 346 thou. t in 2013. Financing of this measure is performed from the EU funds. In 2013, the paid support amount, as compared to 2012 (LTL 71 thousand), went down by 8.5% and constituted LTL 65 thousand.

In 2013, the EC allocated LTL 27.2 million, i.e. by 5% more than in 2012 (LTL 25.9 million), for implementation of the Food Distribution Programme from Intervention Stocks to the Most Deprived Persons of the Community. These support funds were used for acquisition of 7.1 thou. t of products and their distribution to over 184.5 thousand people.

The market regulatory measures helps to improve good eating habits of children and juveniles, to promote consumption of dairy products and fruit at educational establishments (schools, kindergartens and care homes). In 2013, 1618 educational establishments benefited from the support programme measure "Milk for Children", the number of supported children thereof amounting to 217.1 thousand, i.e. by 7.8% more than in 2012 (201.4 thousand). For implementation of this measure in 2013 LTL 19.2 million was paid out, i.e. by 21.5% more than in 2012, of which the share of the EU funds accounted for 13.5%.

In the 2012/2013 school year, 1367 educational establishments participated in the programme "Promoting of Fruit Consumption at Schools". In August 2012, apples, pears, bananas, carrots and citrus fruits (oranges, tangerines, and grapefruits) were distributed to children in pre-school establishments. From 1 September 2012 to 30 October 2012 the programme was not carried out. From November 2012 to May 2013, with the programme administration rules changed, apples, pears, oranges, bananas and carrots were distributed for children in pre-school establishments and primary schoolchildren in general education schools. In the 2012/2013 school year, 1975 thou. kg of fruits and vegetables were distributed to children. For implementation of the measure, LTL 6.8 million was allocated, including 79.4% of the EU funds.

In 2013, as compared to 2012, promotion of market regulation measures (excluding export refund payments) differed slightly. In 2013, LTL 64.5 million was allocated, i.e. just by 7.6% less than in 2012 (LTL 69.8 million) (Fig. 1.7). The share of EU funds in 2013 – LTL 37.4 million, by 9.4% less than in 2012, of which even 64% was allocated to the implementation of the Food Distribution Programme from Intervention Stocks to the Most Deprived Persons of the Community.

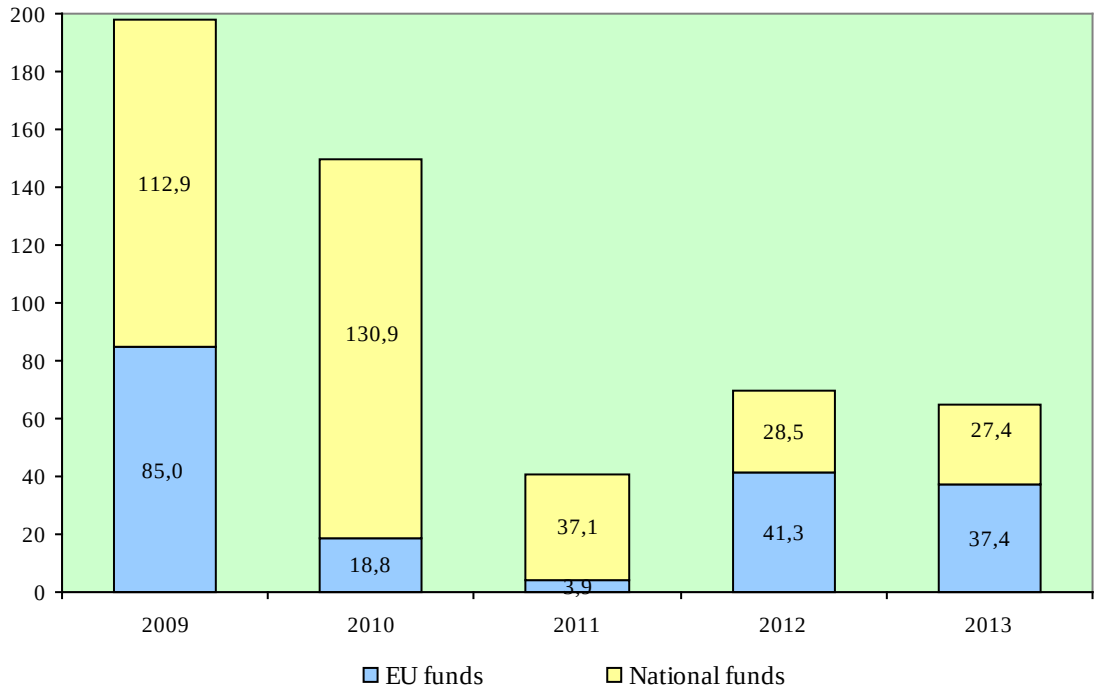


Fig. 1.7. Funds for market regulation measures in 2009–2013, LTL million

* Subsidies for export excl.

Source: Data of the National Paying Agency.

In 2013, the share of the national funds, allocated for the aforementioned measures, was by 3.8% less than in 2012 and comprised around LTL 27.4 million. The major part of these funds (approx. 60.6%) was allocated for the implementation of the programme "Milk for Children."

Rural development measures. From 2007 investment and compensatory support to agriculture has been granted under the 2007–2013 Rural Development Programme (RDP). The main goal of this programme is to contribute to the strengthening of the competitiveness of the agricultural sector, improving the environment and the countryside, improvement of the living conditions of the rural population, strengthening of small and alternative to agriculture business and increase of the employment of the rural population.

Upon the completion of the 2007–2013 programming period, almost 902.6 thousand applications in total were collected under the RDP measures of Lithuania, of which 97.3% was approved. The requested amount of support reached over LTL 9.8 billion, whereas the approved support constituted LTL 7.6 billion. By the end of 2013 around 87.6% of the total 2007–2013 approved support has been already paid (Fig. 1.8).

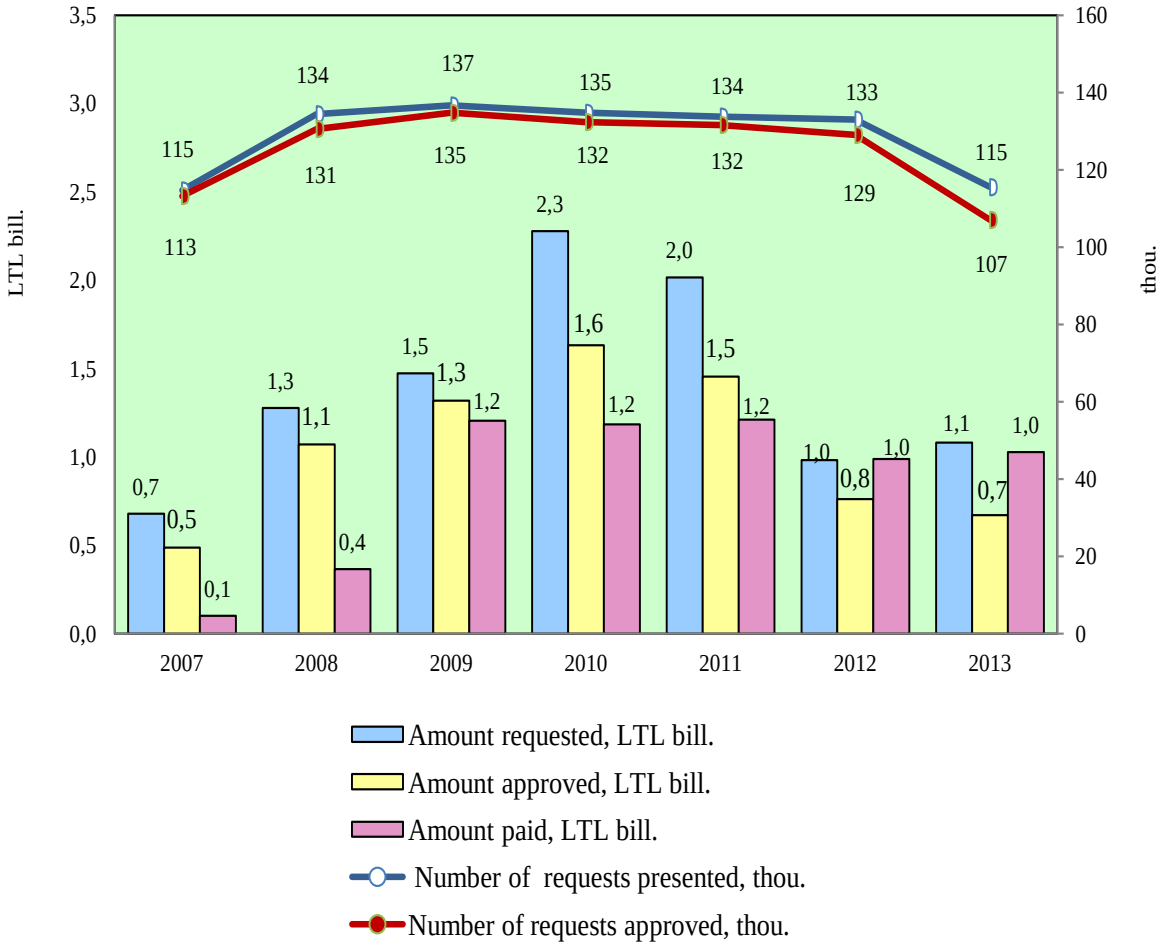


Fig. 1.8. Funds for RDP measures and numbers of requests in 2007–2013

Source: Data of the National Paying Agency.

In 2013, the financing structure of the RDP measures differed insignificantly from the financing structure of the year 2012. As compared to 2012, the number of applicants in 2013 dropped by 13.1%, i.e. about 115.5 thousand applications were collected (in 2012 – 133.0 thousand). According to the applications, submitted in 2013, the requested support was by 10.1% higher (LTL 1081.1 million) than in 2012, whereas the approved amount of support in 2013 was by 12.0% less than in 2012. In 2013, support paid amounted to LTL 966.9 million (under Axis I measures – LTL 353.1 million, Axis 2 – LTL 314.3 million, Axis 3 – LTL 182.6 million and Axis 4 – LTL 116.9 million). LTL 725.2 million of support was paid from the EU budget funds, and the share of the national budget comprised LTL 241.7 (Fig. 1.9).

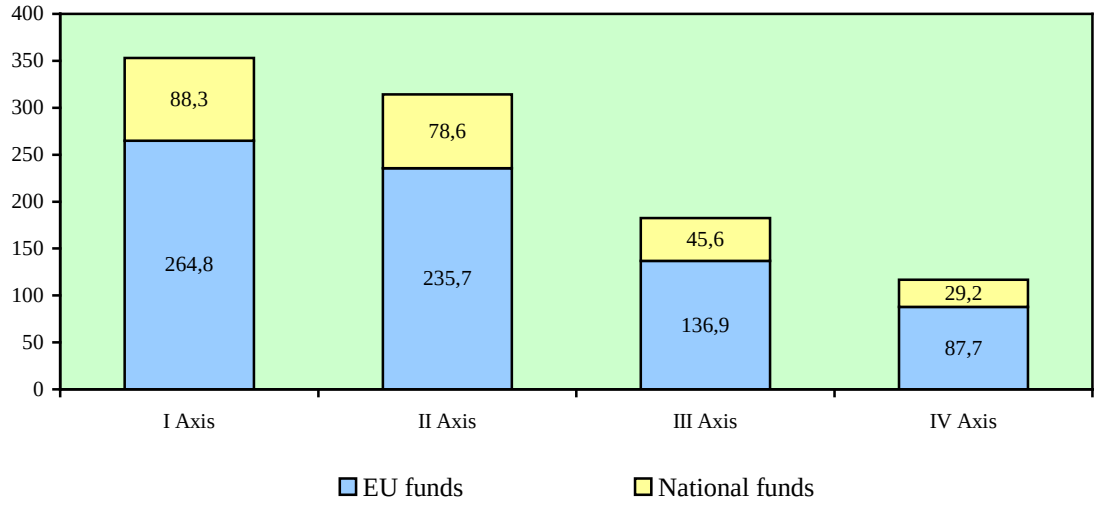


Fig. 1.9. Funds for rural development measures in 2013, LTL million

Source: Data of the National Paying Agency.

The major portion of support in 2013 was paid in Vilnius, Panevėžys and Kaunas counties – LTL 147.0 million, LTL 134.3 million and LTL 132.0 million, respectively, the least amount, as in the previous year, in the Alytus County – LTL 54.9 million. In 2013, the majority of applications was submitted in Utena, Vilnius and Panevėžys counties – 19.4, 18.7 and 11.7 thousand, respectively, and the least number in the Marijampolė County – about 2.5 thousand.

In 2013, as in the previous year, the compensatory measures under RDP Axis 2 "Improving the Environment and the Countryside" were most popular – under them the compensatory payments for certain restrictions of activity were paid. In 2013, the largest amount of applications – 76.7 thousand – was received under the area-related measure "Payments to Farmers in Areas with Handicaps, other than Mountain Areas" of which 73.1 thousand were approved. Under this measure, the compensatory support is paid to farmers whose lands are located in areas less favourable for farming. In 2013, under the said measure LTL 117.5 million, i.e. 12.2% of the amount paid in 2013 under all the RDP measures paid in 2013, was paid.

For more than one year the area-related RDP measure "Agri-environment Payments" is ranked second by popularity. Throughout the year 2013, farmers submitted 16.8 thousand of applications for the compensatory payments for environmentally sustainable farming (13.4 thousand of applications were approved), with requested support amounting to LTL 181.5 million (the approved support amount – LTL 143.2 million). Utmost interest was accorded to the measure programme "Improving the Countryside", with the participation of even 13.8 thousand of applicants in 2013.

Among the most popular measures under RDP Axis 1 "Improving the Competitiveness of the Agricultural, Food and Forestry Sector" in 2013 remained "Semi-subsistence Farming" and "Modernization of Agricultural Holdings". In 2013, more than 1000 applications were submitted under the measure "Semi-subsistence Farming" (970 applications were approved), the amount of support requested by farmers reaching LTL 15.7 million (the approved support amounted to LTL 15.1 million). In 2013, 716 applications were submitted under the measure "Modernization of

Agricultural Holdings", though due to restricted financial possibilities 315 applications were approved, their sum amounting to LTL 70.6 million. The major part of applicants applied for support under the second activity area of this measure "Investments into Production of Agricultural Products and Services" (livestock-breeding sector).

In 2013, applications were not collected under the measures of RDP Axis 1 "Setting up of Young Farmers" and "Early Retirement of Farmers from Agricultural Commodities Production" as the funds that were allocated for these measures have been already used.

In 2013, of RDP Axis 3 "The Quality of Life in Rural Areas and Diversification of the Rural Economy", the projects under the measure "Village Renewal and Development", being implemented by way of planning, gained utmost popularity. In 2013, under the said measure a total of 4.4 thousand applications were received. The support amount requested by applicants reached LTL 88.4 million. The major part of applications (4.3 thousand), like in 2012 (8.3 thousand) was submitted under the activity area "Replacement of Asbestos Roofs". The requested support amount for replacement of roofs reached LTL 25.5 million. In total, in 2013, LTL 68.3 million of support funds were approved for implementing the projects under the measure "Village Renewal and Development" by way of planning. In 2013, the support funds, approved for the measure "Encouragement of Rural Tourism Activities" under RDP Axis 3, amounted to LTL 10.4 million. A total of 55 applicants became interested in this measure, and their requested amount reached LTL 23.3 million. In 2013, applications were not collected according to the RDP Axis 3 measures "Support for Business Creation and Development" and "Diversification into Non-agricultural Activities", since funds allocated for those measures have been used earlier.

Within the period of 2007–2013, the amount of LTL 464.4 million was allocated for RDP Axis 4 measures implemented by "Leader" method, and the approved support amount reached LTL 461.0 million. The major part of support (LTL 434.1 million) was approved under the measure "Implementation of Local Development Strategies". In 2013, applications were collected only under the RDP Axis 4 measure "Inter-territorial and Transnational Cooperation". 21 applications were submitted, and the requested amount consisted of almost LTL 4.8 million.

From the beginning of payments from the 2007–2013 RDP support funds, LTL 6.7 billion have already been paid to the farmers, agriculturists, companies, foresters and other beneficiaries (88.1% of the total support funds allocated). Young farmers are most successful in rapidly implementing the projects with the support funds – 98% of the funds allocated for the entire period has been paid. Those involved in the modernization of their farms are not much behind – 91% of the funds allocated under the measure "Modernization of Agricultural Holdings" has been paid. Foresters are active in utilizing of aid under the measure "Improvement of Economic Value of Forests" – 89% of the support funds targeted for the entire programming period has been paid.

State aid. With an aim of ensuring the prospects for competitive and effective development of agriculture and food sector, the State aid measures are financed from the national budget funds. In 2013, like in 2012, the following State aid measures were funded from the said funds: biofuel production, compensation of part of insurance premiums for agricultural activity entities, livestock pedigree breeding, animal by-products handling, safeguarding of certified national heritage products, promotion of

manufacture, popularization and sales of qualitative agricultural and food products, development of agricultural advisory, science and training system, organization of international and national exhibitions, professional, cultural and educational events, etc.

As in 2012, the major part of the aid in 2013 was allocated to funding the programme "Support to the Development of Biofuel Production" – LTL 29.6 million, i.e. by 15.6% more than in 2012 (LTL 25.6 million). This programme is intended for promoting biofuel production and use of agricultural production for the needs other than food, and reduction of gas emission causing greenhouse effect and dependence on the imported fuel. Under the above-mentioned measure the State aid is granted by compensating part of the price for rapeseed and cereals purchased for the production of rapeseed oil and dehydrated ethanol.

Insurance rates when insuring crop areas that have increased from 2012 and favourable natural conditions (in 2013) conditioned the passive use of insurance services by farmers. In 2013, just LTL 6.2 million of support, i.e. by nearly 2.5 times less than in 2012, was paid.

Farming entities, involved in animal breeding, as in the previous year, were encouraged to breed high-valued pedigree animals and to improve their pedigree qualities, to increase animal productivity and to improve their genetic potential. Therefore, in 2013, a considerable part of the State aid funds belonged to the development of pedigree breeding system. Even though the aid for acquisition of pedigree animals is not granted any more, much attention is devoted to the pedigree breeding supervision and production quality improvement. In 2013, LTL 10.7 million (by 10.2% more than in 2012) was allocated for support of animal pedigree breeding, i.e. 20.8% of the total funds paid for the State aid measures (Fig. 1.10).

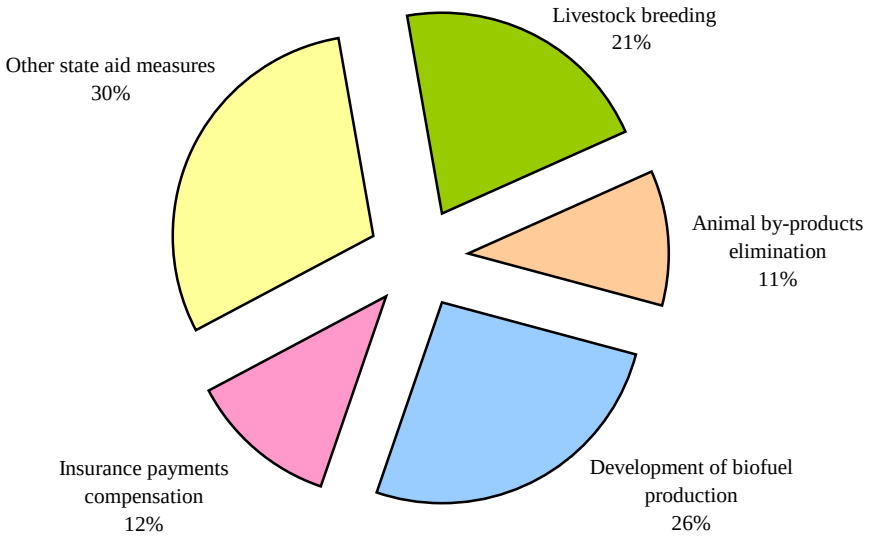


Fig. 1.10. Structure of state-financed measures in 2013

Source: Data of the Ministry of Agriculture.

In 2013, nearly LTL 5.5 million or around 10.8% of the funds foreseen for financing of the State aid measures was paid under the support measure "Animal By-products Elimination". This support allowed animal breeders to dispose of dead animals with fewer losses.

As compared to 2012, financing of all the State aid measures got reduced by 8.8% and in 2013 amounted to LTL 67.5 million, and the amount paid was still more less and constituted 71.6% of the allocated funding. Such difference between the allocated and paid part was due to the transfer of part of the payments to the year 2014.

Measures for encouraging the development of the fisheries sector. In 2007–2013, the support funds for the Lithuanian fisheries sector are granted from the European Fisheries Fund and the national budget of the Republic of Lithuania according to the 2007–2013 Operational Programme for the Lithuanian Fisheries Sector. This programme is aimed to stimulate an increase in the competitiveness and development of the Lithuanian fisheries sector, to ensure economic, environmental and social sustainability, saving and recreation of fish resources. The paid support under the Operational Programme measures within the period of 2007–2013 reached LTL 159.9 million, of which the EU budget share accounted for 76%. During the year 2013, 44 applications (by 5% more than in 2012) were submitted under the Operational Programme measures (except for "Technical Assistance") and the support funds paid (LTL 44.8 million) by 21.3% exceeded the funds paid in 2012 (LTL 36.9 million).

The goals of the first priority axis "Adaptation of the Marine Fishing Fleet" have been implemented until 2011, therefore in 2013 there were no calls for submission of applications under this axis.

In 2013, as in the previous year, the measures under the second priority axis "Aquaculture, Inland Fishing, Processing and Marketing of Fishery and Aquaculture Products" were actively implemented. In 2013, support funds paid under the activity "Investments into Aquaculture Enterprises" of this Axis measure "Aquaculture" were by two times more in 2012 (LTL 2.54 million) and constituted LTL 5.34 million, of which the EU funds comprised 75.5%. Under this activity, applications submitted even made 79.5% of all the applications submitted in 2013. However, the most substantial support funds (LTL 20.3 million) were paid in 2013 under the activity "Processing and Marketing of Fishery and Aquaculture Products", i.e. 45.4% of the total funds paid in 2013 under the Operational Programme (Fig. 1.11).

In 2013, under the third priority axis of the 2007–2013 Operational Programme for the Lithuanian Fisheries Sector "Measures of Common Interest" LTL 5.5 million was paid, i.e. by 10.2% less than in 2012 (LTL 6.1 million).

Under the fourth priority axis "Sustainable Development of Fisheries Areas" intended for local action groups in the fisheries areas, support funds in 2013 constituted LTL 7.5 million according two measures: "Implementation of Strategies for the Development of Fisheries Areas" and "Regional and International Cooperation of Local Action Groups in the Regional Fisheries Areas", i.e. by eight times more than in 2012 (LTL 1.0 million).

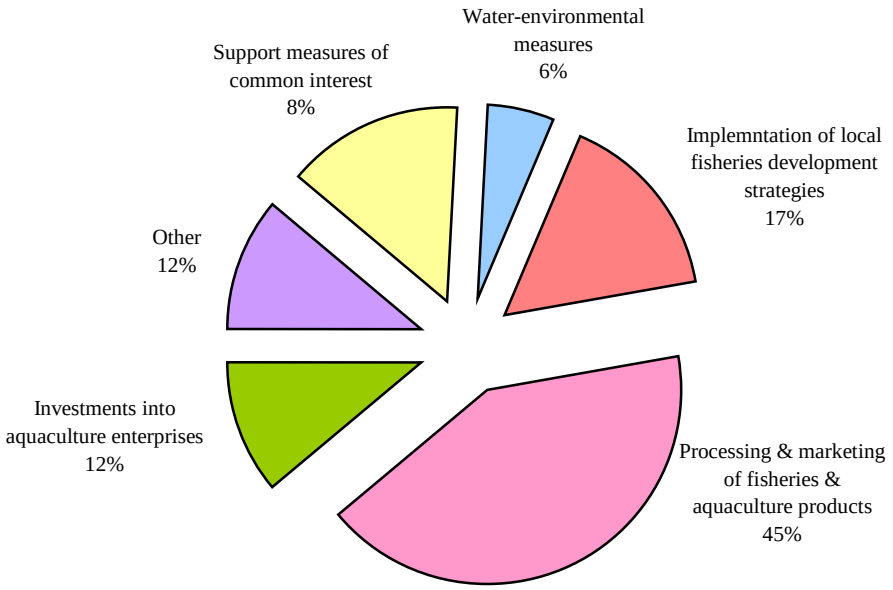


Fig. 1.11. Structure of fishery measures funding in 2013

Source: Data of the National Paying Agency.

Within the period of 2007–2013, 389 applications were submitted for support. The major part of the applications during this period was submitted under the second priority axis of the Operational Programme "Aquaculture, Inland Fishing, Processing and Marketing of Fishery and Aquaculture Products" (196 applications).

Under the Operational Programme measures, almost LTL 160.8 million of support has been paid until the beginning of 2014. The amount paid to the beneficiaries in 2013 totals over LTL 44.7 million. The major part of the support, LTL 106.4 million, was paid under the second priority axis.

The CAP from its emergence to the present days has experienced more than one reform. Taking into account challenges and problems to be tackled by the CAP, the EU budget distribution between the CAP measures underwent changes as well. Upon termination of the 2007–2013 CAP period, Lithuania together with other EU countries has been preparing for new challenges in 2014–2020. In spite of the fact that the CAP structure remains unchanged, its separate constituent parts (direct payments and certain RDP measures) will be changed in the core in seeking to contribute more considerably to the settlement of environmental problems, with more attention being devoted to a small farm.

4. Economic entities in agriculture and food industry

Agricultural Entities. The number of agricultural entities by categories within 2009–2013 varied unevenly. In 2013, as compared to 2009, the number of registered farmers' farms increased by 9.8%, and in comparison with 2012 by 3.3%. Within the referred five-year period, the number of agricultural companies and other agricultural enterprises, which declared UAA, increased by 33.5%, whereas the number of households decreased by 25.6% (Table 1.8).

Table 1.8. Number of agricultural entities in 2009–2013

Agricultural entities	2009	2010	2011	2012	2013	Change 2013, compared to 2009, %
Registered farmer farms, thou.	107,0	108,7	111,1	113,8	117,5	9,8
Agricultural companies and enterprises	632	662	734	796	844	33,5
Households, thou.	103,2	99,2	94,0	85,5	76,8	–25,6

Source: AIRBC Data.

According to the data of Agricultural Information and Rural Business Centre (AIRBC), the average size of a farm in Lithuania by the UAA area declared in 2013 by all agricultural entities was 18.5 ha (Table 1.9), i.e. by 5.7% larger than in 2012 and by 23.3% larger than in 2009. In total, in 2013, the number of farms which declared UAA dropped by 5.3% as compared to 2012, whereas their declared area increased insignificantly by 0.2%. Even though in 2013, like in the previous year, farms covering up to 5 ha accounted for over 50% of the total number of farms which declared UAA, nevertheless, their number in 2013 decreased by 7.4%. As compared to 2009, the number of such farms dropped by 18.0 thousand, or by 19%. Every year the group of farms with 5.1–10 ha is also reducing. Within the reference period the number of farms in this group decreased by 14.5%, but their share in the structure changed insignificantly. The number of farms in the groups covering from 10.1 to 20 ha, and from 20.1 to 50 ha went on reducing and in 2013, as compared to 2009, decreased by 12.4 and 7.8%, respectively. Nevertheless, in the structure of farms the share of these groups increased slightly. Within the reference period, the number of farms increased in the groups with 50.1–100 ha and with 100.1–500 ha, respectively, by 15.2% and 34.4%. The number of farms in the group of the largest area – covering over 500 ha – and their share in the structure during 2009–2013 changed insignificantly.

Decline in the number of farms was conditioned because of several factors. Due to the processes of restructuring, farms have enlarged. Some part of the senior farmers, receiving the EU support, is giving up the commercial agricultural production. Moreover, some farmers refuse to declare their areas due to the strict requirements set as regards good agrarian and environmental condition.

Table 1.9. Structure of farms by declared agricultural area in 2009–2013

Farm size, ha	2009		2010		2011		2012		2013	
	number, thou.	share, %	number, thou.	share, %	number, thou.	share, %	number, thou.	share, %	number, thou.	share, %
< 5	94,6	53,6	92,1	53,6	88,8	53,1	82,7	51,8	76,6	50,8
5,1–10	39,3	22,3	37,4	21,7	36,3	21,7	34,8	21,8	33,6	22,2
10,1–20	21,7	12,3	20,9	12,2	20,6	12,3	20,1	12,6	19,0	12,6
20,1–50	12,8	7,2	12,6	7,4	12,2	7,3	12,1	7,6	11,8	7,8
50,1–100	4,6	2,6	4,9	2,9	5,1	3,0	5,3	3,3	5,3	3,5
100,1–500	3,2	1,8	3,4	2,0	3,8	2,3	4,1	2,6	4,3	2,8
> 500	0,4	0,2	0,4	0,3	0,4	0,3	0,5	0,3	0,5	0,3
All farms	176,6	100	171,8	100	167,3	100	159,5	100,0	151,1	100,0
Average	15,0		15,6		16,3		17,5		18,5	

Sources: Data of the Register of Agriculture and Rural Business of the Republic of Lithuania. (The Register of Holdings) and Simplified Direct Payments Information System.

According to the AIRBC data, by the end of 2013, the Lithuanian Register of Holdings held a record of 201.6 thousand of natural persons – owners of the holdings. As compared to 2012, the number of registered holdings increased by 1.2%. Even though the number of holdings increased insignificantly, the number of holdings managed by the owners augmented by 4.0% to 2.94 million ha of the total land area, where their held UAA area has also increased (reached 2.43 million ha) (Fig. 1.12).

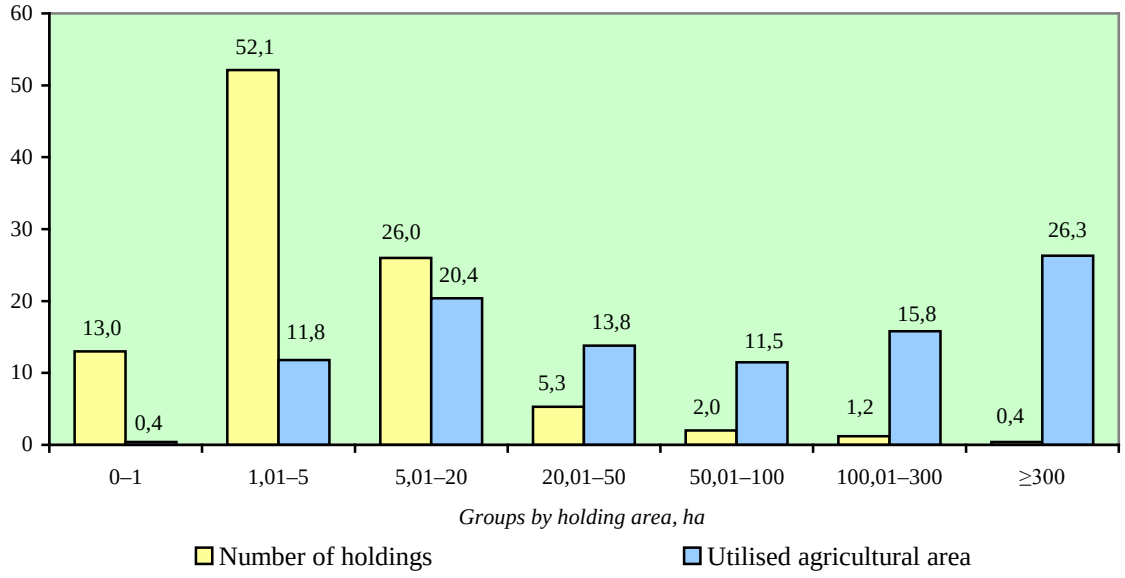


Fig. 1.12. Distribution of holdings and their agricultural area by group of different size in Lithuania in 2013, per cent

Sources: Data of the Register of Agriculture and Rural Business of the Republic of Lithuania..

The average size of a holding in 2013 by total holding area was 14.6 ha, and by UAA – 12.1 ha. Holdings with UAA up to 5 ha constituted 65.1% of all the holdings (12.2% of all UAA). In 2013, as compared to 2012, the number of holdings of that size increased by 2.1%. The number of holdings covering 5–20 ha did not change in the structure, and by portion of UAA dropped by 0.9 percentage points. The number of holdings and UAA held in the group from 20 to 100 ha remained the same. In 2013, the number of holdings in the group of 100–300 ha increased by 3.5%, and UAA held here by 3.9%. In the group of over 300 ha the total number of holdings and the total UAA area increased by 3.2 and 12.2%, respectively.

In the areas favourable for farming 55.2% of UAA in the total number of registered holdings are registered. In 2013, 44.9% of the owners of all holdings were over 60. This tendency has also retained in the analysis of the number of holding owners by regions, where the share of owners over 60 in highly disadvantaged areas exceeds 51.9%. Young farmers under 40 accounted for 11.0% of all the holdings in the country, their largest share in the areas favourable for farming standing at 11.3% (Table 1.10).

Table 1.10. Distribution of holdings by type of farming area and owners' age in 2013

Indicators		Areas		
		highly disadvantaged	less disadvantaged	favourable for farming
Number of holdings, %		11,1	40,9	48,0
Area of holdings, %		9,1	35,7	55,2
Average size of holding, ha		12,1	12,9	16,9
Number of holding owners by age, %	< 40 year	9,8	10,8	11,3
	40–60 year	38,3	43,7	45,9
	> 60 year	51,9	45,4	42,8

Source: Data of the Register of Agriculture and Rural Business of the Republic of Lithuania.

Almost half of UAA is managed by the owners of registered farmers' farms – 58.3% of all the owners of holdings. The number of registered farmers' farms in 2013 increased by 3.3%, as compared to 2012. Over the period of 2012–2013 the structure of farmers' farms has not changed by utilized land area, though a slight increase was noted in all groups. In Lithuania the farms covering from 3 to 10 ha of land (41%) prevailed, farms of up to 3 ha comprised 31%, the largest farms accounted for 2% of the total utilized land in the farmers' farms. This reveals an insignificant process of farm enlargement taking place (Fig. 1.13).

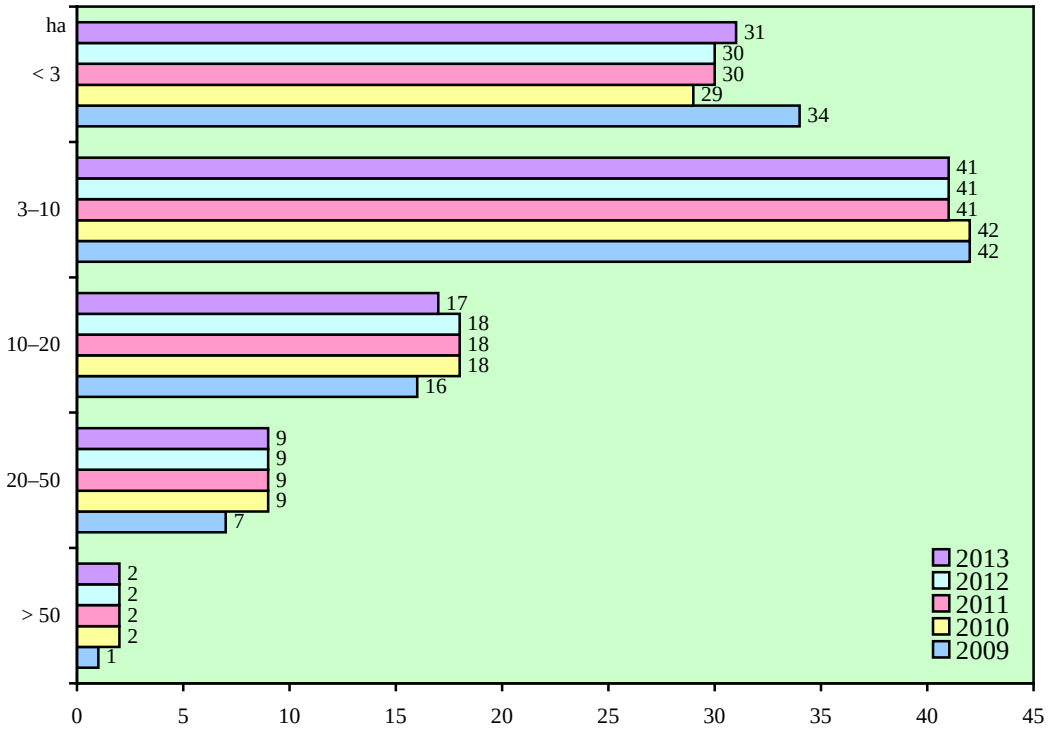


Fig. 1.13. Number of registered family farms by used area in 2009–2013, per cent

Source: Data of the Register of farmers' farms of the Republic of Lithuania.

The structure of registered farmers and holding owners by age was similar, since 40.9% of the registered farmers are at the age of retirement (over 62) and 16.7% – persons under 40, i.e. young farmers (Fig. 1.14).

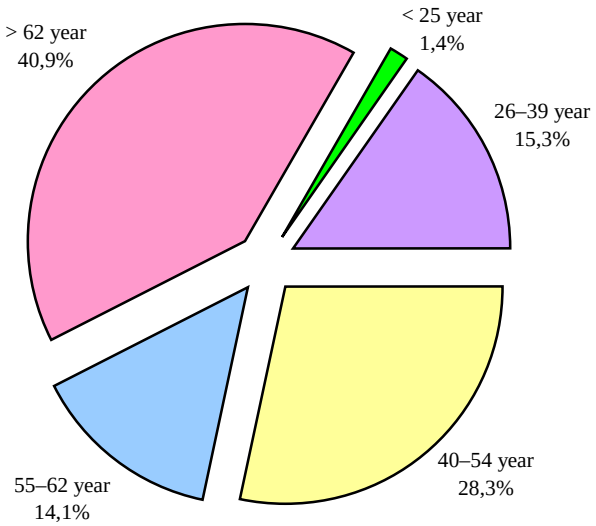


Fig. 1.14. Structure of registered farmers by age in 2013

Source: Data of the Register of farmers' farms of the Republic of Lithuania.

The EU CAP measures have impacted the process of farm restructuring. Under the RDP, as during the previous period, senior farmers are entitled to give up commercial agricultural production and transfer land holdings to younger farmers. Aiming at accelerating the process of farm restructuring, support is granted to semi-subsistence farms by reorganizing them into commercial farms. Moreover, support is granted to agricultural entities implementing the EU veterinary, sanitary and environmental requirements. In 2013, the National Paying Agency collected 114.4 thousand applications for the EU support under the rural development measures. The requested amount was by 13.7% higher than in the previous year 2012. Rural people found two measures under Axis 1 most attractive "Modernization of Agricultural Holdings" and "Semi-subsistence Farming".

In 2013, the certified organic production area in Lithuania covered 171.4 thou. ha. During the reference period of 2009–2013 the certified area increased by 27.0%, and the number of farmers since 2009 has decreased by 4.1%. In 2013, as compared to 2012, the area increased by 3.1%, the number of farms went up by 2.3% (Fig. 1.15). The average size of the certified farm (including fisheries farms) in 2013, as compared to 2012, increased insignificantly from 66.2 to 66.7 ha. In 2013, only 36.7% of organic farms kept animals, i.e. 34.2 thousand of cattle heads, 19.1 thousand sheep, 6.2 thousand poultry, 0.8 thousand goats and 0.4 thousand pigs.

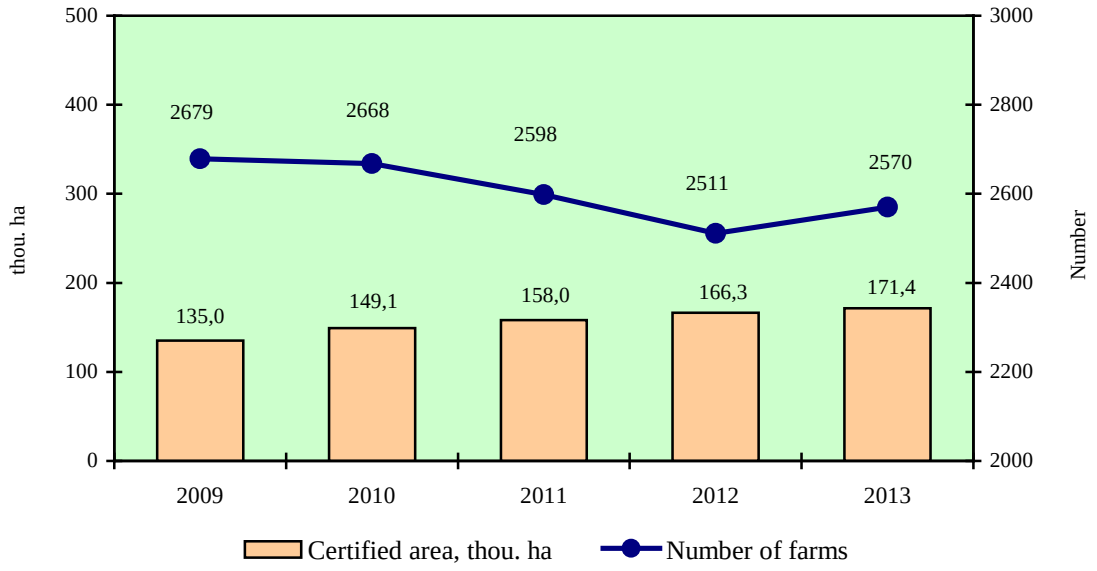


Fig. 1.15. Number of organic farms and certified area in Lithuania in 2009–2013

Source: Data of the Public Enterprise „Ekoagros".

In 2012, the share of the UAA of the certified organic agricultural production farms constituted 5.5% of the total UAA area. According to this indicator, Lithuania is behind the average in the EU-28 only by 0.2 percentage points and is considerably ahead of such countries, like Bulgaria, Ireland and Romania, though is strongly lagging behind Austria, Sweden, Estonia and Latvia (Fig. 1.16).

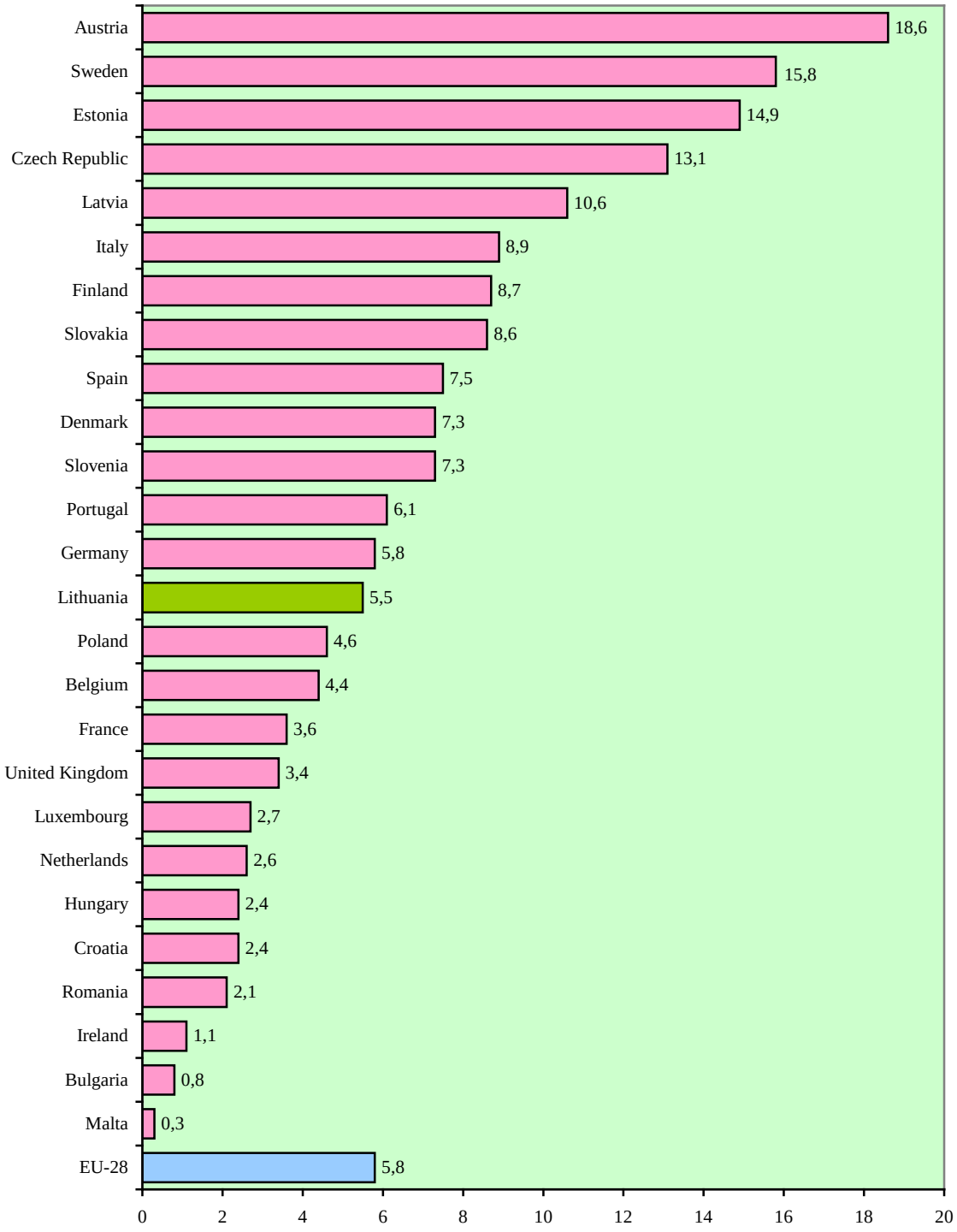


Fig. 1.16. Share of certified utilized agricultural area in total agricultural area in some EU countries in 2012, per cent

Source: Data of Eurostat.

Food industry enterprises. In 2013, 899 enterprises for manufacture of food products and beverages were in operation in Lithuania, including 20.9% individual enterprises. During the period of 2009–2013 the total number of enterprises increased by 1.7%, whereas the number of individual companies decreased by more than 27.4% (Fig. 1.17).

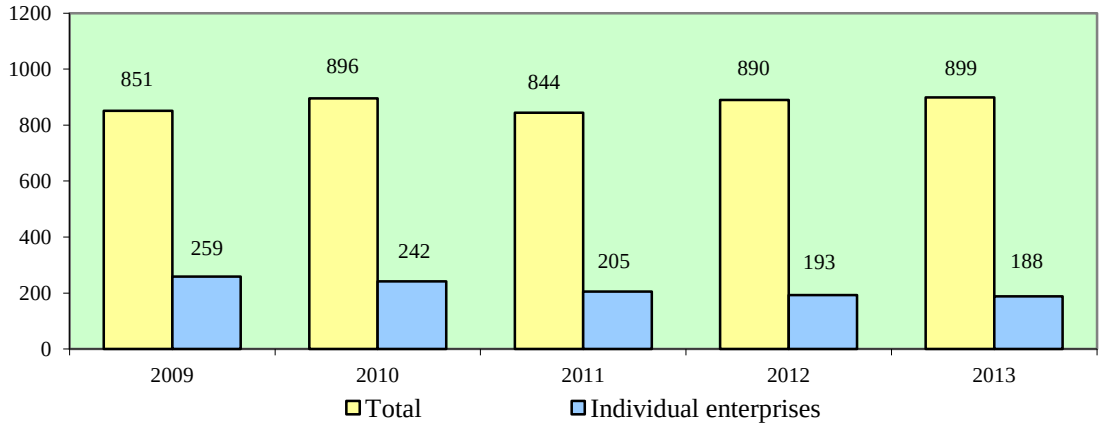


Fig. 1.17. Number of enterprises of manufacture of food products and beverages in 2009–2013

Source: Data of Statistics Lithuania.

According to the data of the Department of Statistics, most of food production companies are located close to the major cities. 24.8% of all food and beverage production enterprises are sited in Kaunas County, 20.1% in Vilnius County(Fig. 1.18). The least number of food industry enterprises is in the counties of Utena and Alytus, accounting for 2.9% and 3.7%, respectively. In 2013, if compared to 2012, the number of enterprises in some counties increased, in some other got reduced. The number of food and beverage production enterprises increased most of all in the counties of Telšiai, Vilnius and Klaipėda – by 15.8%, 4.6% and 2.8, respectively, but decreased in the counties of Alytus, Marijampolė and Kaunas – by 5.7%, 4.2% and 2.2%, respectively.

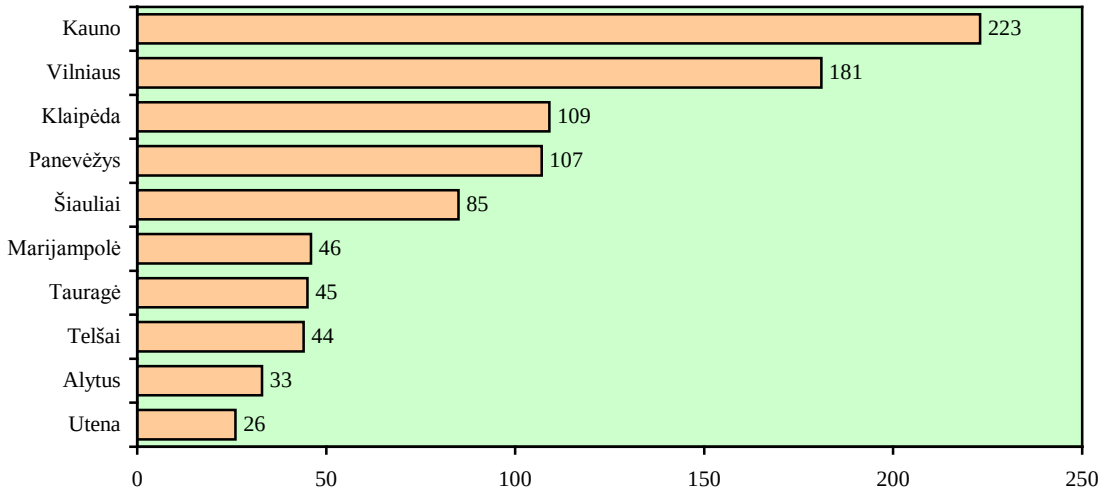


Fig. 1.18. Number of enterprises of manufacture of food and beverages by county in 2013 (at the end of the year)

Source: Data of Statistics Lithuania.

Over the reference period of 2009–2013, the number of enterprises in certain food production sectors – manufacture of milk and dairy products, preparation and processing of fish and fish products increased by 24.0% and 4.1%, respectively. The number of entities in other production sectors stayed unchanged (Table 1.11).

Table 1.11. Entities of the food industry in 2009–2013

Indicators	2009	2010	2011	2012	2013
Production of food products and beverages					
Number of enterprises	851	896	844	890	899
Number of employees	49465	42957	41000	40828	41385
Sales in domestic market, LTL mill.	5552,6	6337,6	7341,5	7877,7	8253,0
Export value, LTL mill.	3099,5	4247,5	4971,7	5728,3	6095,2
Production of grain milling products and starch					
Number of enterprises	30	31	28	28	28
Number of employees	1134	1229	1245	1063	798
Sales in domestic market, LTL mill.	118,8	176,6	298,2	274,8	227,0
Export value, LTL mill.	154,0	214,1	353,2	355,3	400,3
Production of meat and meat products					
Number of enterprises	170	182	159	167	167
Number of employees	10355	9103	8726	8372	8185
Sales in domestic market, LTL mill.	1221,8	1151,6	1306,4	1779,6	1851,5
Export value, LTL mill.	351,0	407,9	522,7	591,2	577,4
Production of milk and dairy products					
Number of enterprises	30	33	29	25	31
Number of employees	8899	5848	5526	5713	7735
Sales in domestic market, LTL mill.	1227,0	1525,8	1903,2	1892,0	1880,7
Export value, LTL mill.	903,9	1288,1	1608,1	1822,1	2006,0
Preservation and processing of fish and fish products					
Number of enterprises	46	52	44	49	51
Number of employees	4529	4582	4181	4565	4658
Sales in domestic market, mill. Lt	205,1	234,5	256,1	265,0	392,9
Export value, mill. Lt	701,9	898,0	989,2	1025,3	1000,5
Preparation, processing and conservation of fruit, berries and vegetables					
Number of enterprises	34	36	32	39	39
Number of employees	972	985	934	1053	1024
Sales in domestic market, LTL mill.	104,5	89,3	100,1	137,3	149,1
Export value, LTL mill.	50,0	52,1	74,8	103,0	132,0

* VAT and excise duty incl.

Source: Data of Statistics Lithuania.

The total number of employees involved in the manufacture of food products and beverages in 2013, as compared to 2012, increased slightly – by 1.4%, and in comparison with 2009 dropped by 16.3%. During the reference period, the highest decrease in the number of employees was fixed in 2012. Tendencies in various sectors were different. In 2013, as compared to 2012, a decline in the employees was most substantial in the enterprises involved in the manufacture of grain milling products, starch and starch products – by 24.9%, in the enterprises engaged in the preparation, processing and canning of fruit, berries and vegetables – by 2.8%, and in the sector of manufacture of meat and meat products – by 2.2%. This indicator increased in the milk and dairy production sector by 35.4%, in the enterprises of preparation and processing of fish and fish products by 2.0%. In 2013, the majority of enterprises operated in the sector of bakery products (351 enterprises) and in the sector of manufacture of meat and meat products, whereas by employee number they were relatively smaller than the enterprises in other sectors.

With the reduction of the number of employees, the average number of employees per enterprise decreased by 20.8%. The average number of employees per enterprise in different sectors in 2013 varied distinctly: the smallest number was in the production sector of preparing, processing and canning of animal and vegetable fats and oils, and in the sector of preparing, processing and canning of fruit, berries and vegetables (18 and 26, respectively), and the biggest number was in the manufacture of milk and dairy products and in the preparation and processing of fish and fish products (250 and 91 employees, respectively).

By average number of employees per enterprise in 2013, the counties of Telšiai, Marijampolė and Tauragė, being ahead of the average in Lithuania by 2.2, 1.7 and 1.3 times, respectively (Fig. 1.19).

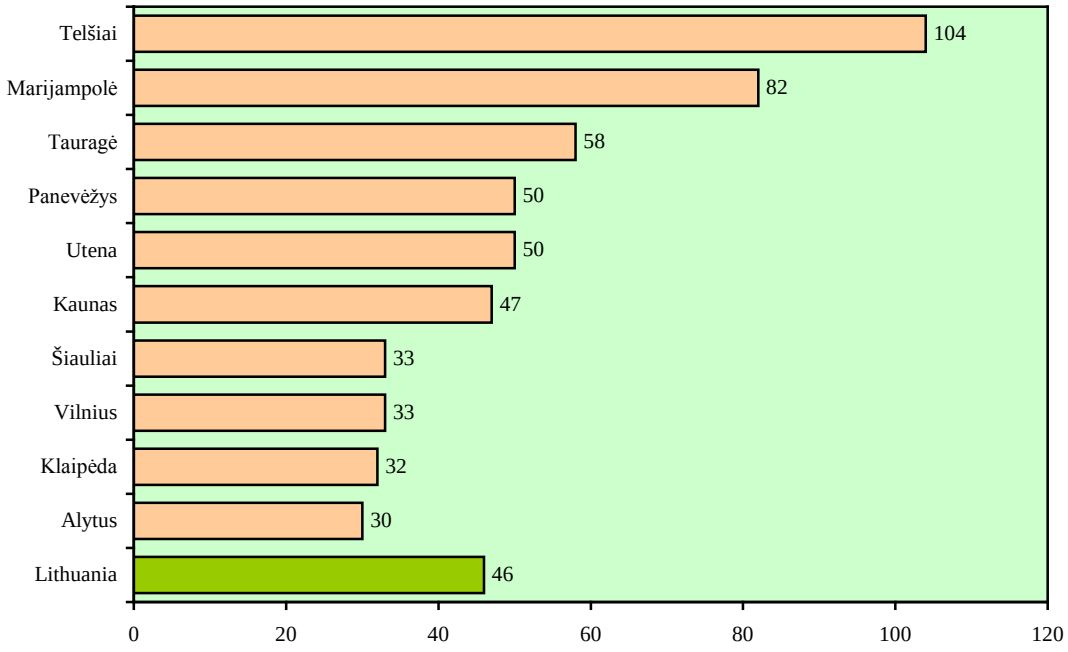
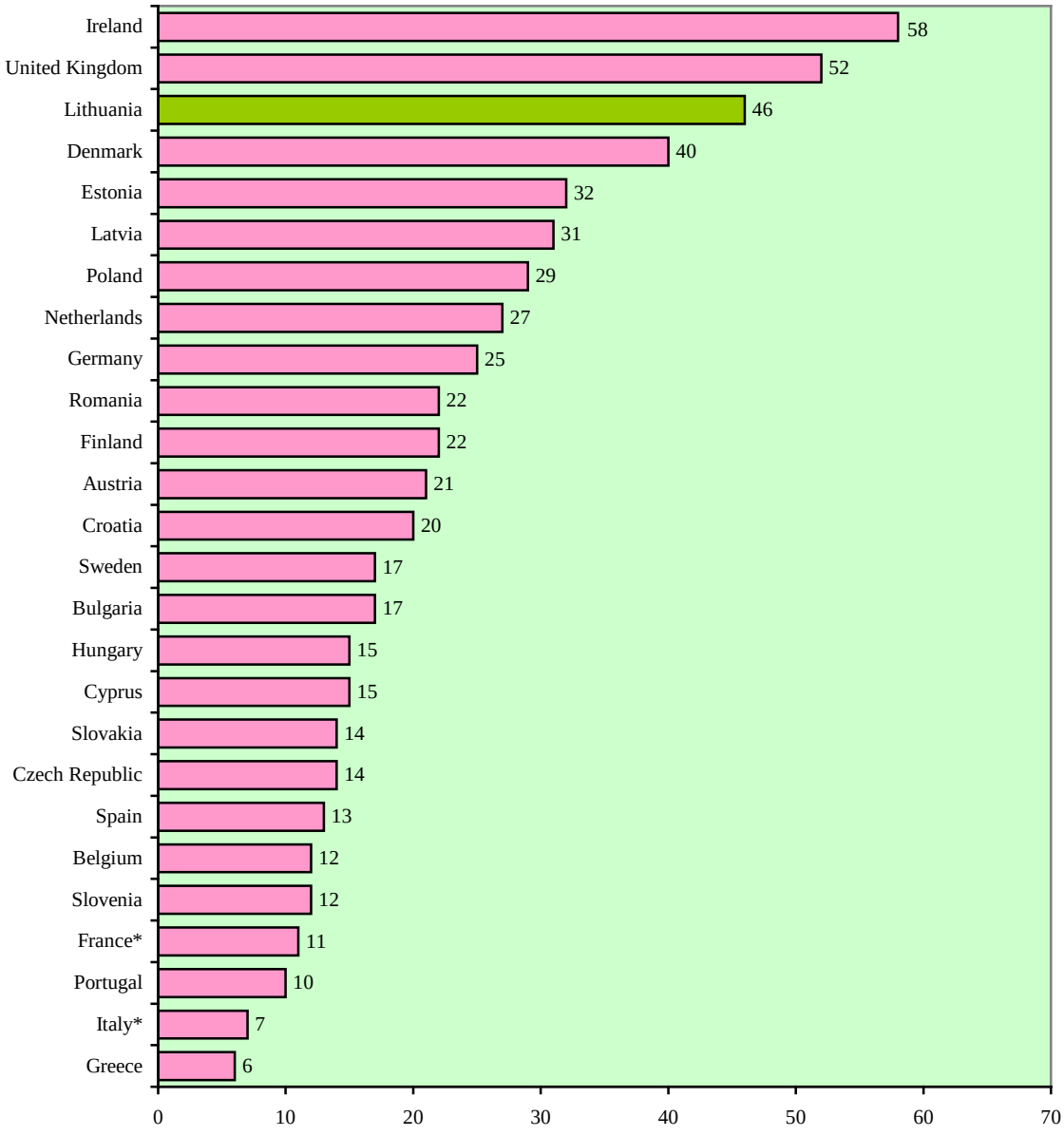


Fig. 1.19. Average number of employees per enterprise of manufacture of food and beverages by county in 2013 (at the end of the year)

Source: Data of Statistics Lithuania.

The average number of employees per enterprise of manufacture of food and beverages in Lithuania stands at 46 employees. This indicator by several times exceeds many EU countries. The higher number of employees per enterprise, on the average, was only in the United Kingdom and Ireland, 52 and 58 employees, respectively (Fig. 1.20). The average number of employees in Poland, Latvia and Estonia was by 1.5 times less than in Lithuania, even though this is considerably more than in many EU old Member States.



* 2011

Fig. 1.20. Average number of employees per enterprise of manufacture of food and beverages in some EU countries in 2012

Source: Data of Eurostat.

46.7% of the total number of the enterprises operating in the manufacture of food products and beverages in Lithuania by employee number are assigned to very small (less than 10 employees), 34.2% to small (10–49 employees) and 15.0% to

medium-sized (50–249 employees) companies (Fig. 1.21). Enterprises with over 250 employees accounted just for 4.1% in 2013, whereas the number of employees working here comprised nearly 45.4% of the total number of employees involved in the sector of manufacture of food products and beverages.

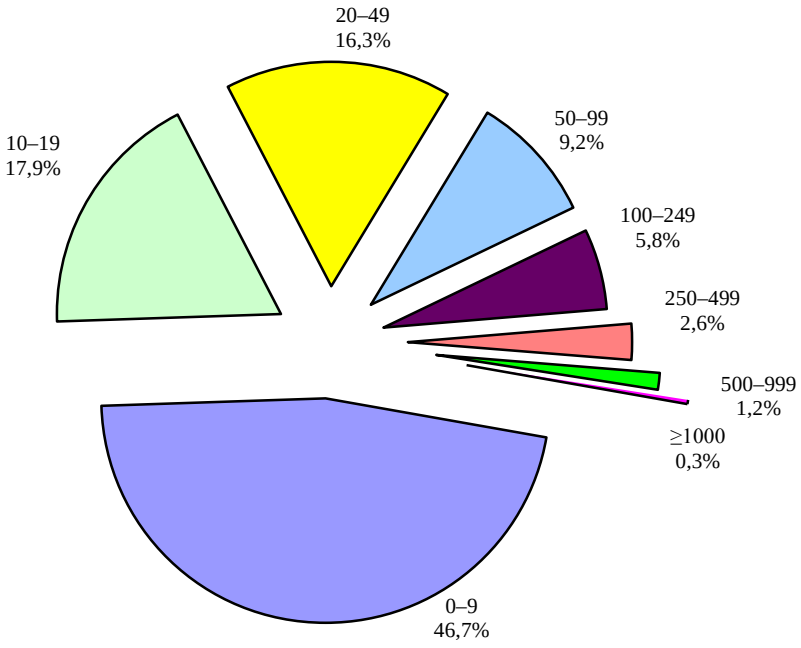


Fig. 1.21. Structure of enterprises of manufacture of food and beverages by number of employees in 2013

Source: Data of Statistics Lithuania.

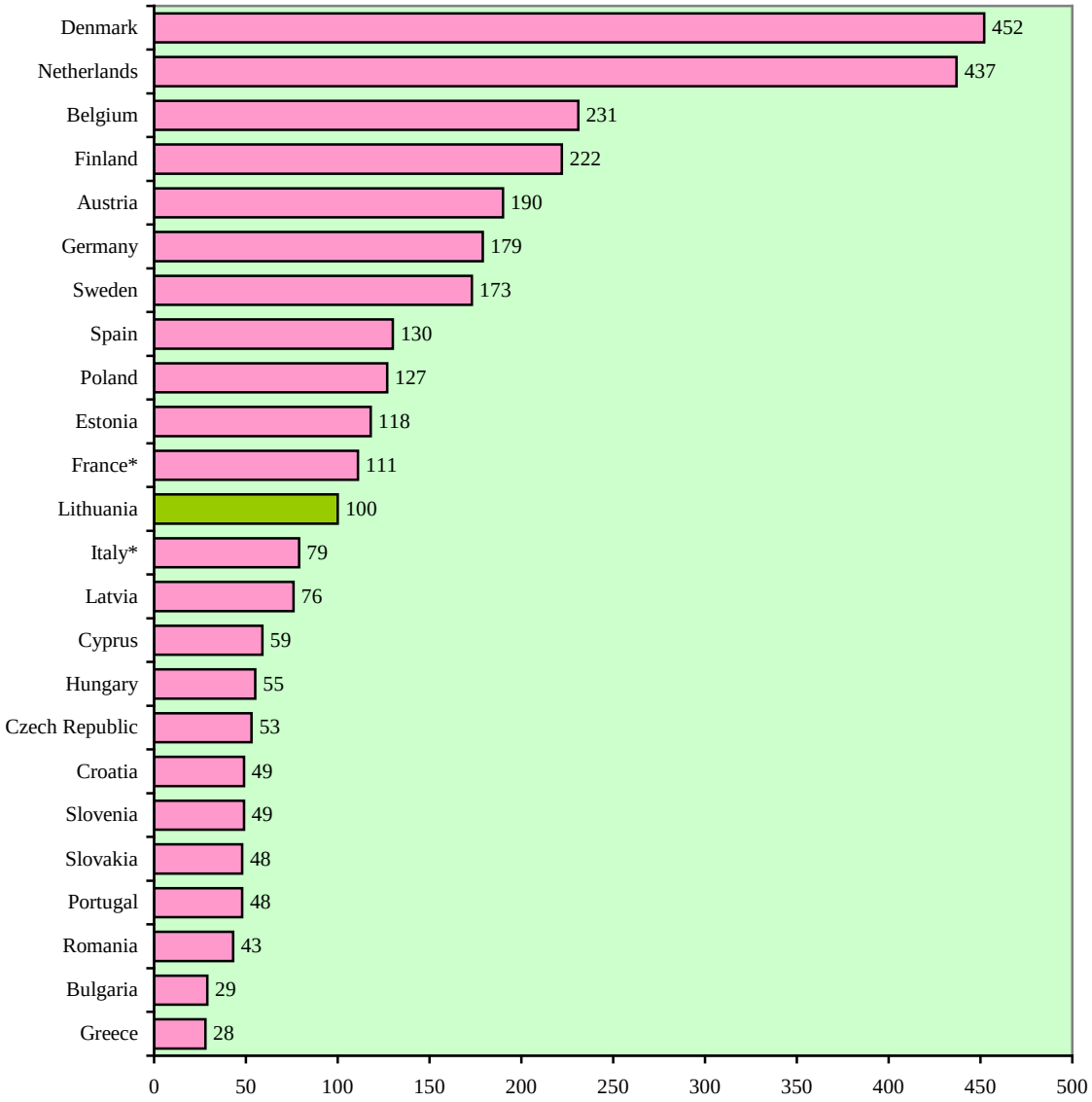
Product sales volumes of the enterprises demonstrate changes and a level of production concentration in the Lithuanian enterprises involved in the manufacture of food products and beverages. In 2013, as compared to 2009, the sales per enterprise of the manufacture of food products and beverages increased, on the average, by 57.0%, and, if compared to 2012, by 4.4%.

The most rapid augmentation of production concentration was in the sector of production of grain milling products, starch and starch products where the average production volumes per enterprise within five years increased 2.5 times, milk and dairy products by 1.8 times, in the sector of preparing, processing and canning of fruit, berries and vegetables and production of meat and meat products by 1.6 times.

The highest concentration of production is fixed in the sector of milk and dairy products where average sales volumes per enterprise in 2013 amounted to LTL 125.4 million, and revenues raised by four largest companies accounted for 78% of the total revenues in the sector. Sales volumes in the industry of preservation and processing of fish and fish products were by 1.7 times higher than the average sales volumes per food production enterprise.

Even though by the number of employees the Lithuanian companies involved in the manufacture of food products and beverages are more numerous than in many EU countries, average revenues gained per company were lower than in Denmark (4.5 times), the Netherlands (4.4 times), Belgium (2.3 times), and Finland (2.2 times).

Nevertheless, revenues per enterprise in Lithuania were by several times higher than in Greece, Bulgaria, Romania, and Portugal (Fig. 1.22).



* 2011

Fig. 1.22. Comparison of average annual income per enterprise in manufacture of food products and beverages in Lithuania and selected EU countries in 2012, per cent

Source: Data of Eurostat.

Average revenues gained by the companies involved in the manufacture of food products and beverages in 2013 were by 4.4% higher than in the previous year. The most important factor that predetermined such tendencies was the increased consumption on the domestic and foreign markets. The rapidly increasing consumption in the world will ensure the development of the food and beverage industry in the future.

II. PRODUCTION OF AGRICULTURAL AND FOOD PRODUCTS AND SALES IN THE DOMESTIC AND FOREIGN MARKETS

1. Changes in trade of agricultural and food products in the domestic market

In 2013, retailing of food, beverages and tobacco was by 5.9% higher than a year ago, though as compared to the pre-crisis year 2008, its level of 3.5% has not been reached so far. The better statistics is for consumption of these products if calculated per capita – consumption of food, beverages and tobacco products increased by more than one fourth (Table 2.1), and as compared to 2009, by more than 10%.

Table 2.1. Retail sales of food products, alcoholic beverages and tobacco products in 2009–2013

Indicators	2009	2010	2011	2012	2013	Change 2013, compared to 2009, %
Total sales, LTL mill.	11391,5	10717,2	11498,5	12020,4	12733,8	12,1
Per capita, LTL	3411	3261	3569	4015	4305	26,2

Source: Data of Statistics Lithuania.

In 2013, the net average monthly earnings increased by 4.7%, and the price index of food products (in December 2013, as compared to December 2012) was by 1.1% higher. As compared to 2012, in 2013 for the population of the country prices for meat and grain products, eggs and sugar were more affordable, and dairy product prices were less affordable (Table 2.2).

Table 2.2. Purchasing power of net earnings of employees in the whole economy in 2009–2013

Indicators	2009	2010	2011	2012	2013*	Change 2013 compared to 2009, %
Average monthly net earnings, LTL	1602	1552	1595	1661	1729	7,9
Purchasing power of average monthly net earnings in Q IV						
beef ham with bone, kg	86	101	91	89	97	12,8
pork ham without bone, kg	125	130	124	122	134	7,2
milk, 2.5% fat, l	895	757	684	718	665	–25,7
butter, 82% fat, kg	93	79	71	75	69	–25,8
eggs, 10 pcs.	400	442	459	339	430	7,5
rye bread, kg	379	362	342	343	348	–8,2
sugar, kg	521	543	424	435	487	–6,5

* LIAE calculations.

Source: Data of Statistics Lithuania.

For the second year in turn the highest yield of crops was harvested in Lithuania, and the production of some other agricultural products also satisfied the needs of the domestic market (Table 2.3). The table data just covers the volumes of production and purchase by national processors, small-scale producers and trade enterprises. Purchase of potatoes, vegetables and fruit does not reflect their real turnover, since a substantial portion of the said agricultural products is sold through market places or by other methods of direct sales.

Table 2.3. Production and purchase of agricultural products in 2009–2013, thousand tonnes

Indicators	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Production						
Grain production	3892	2867	3304	4737	4550	16,9
Sugar beet for industry	682	723	878	1003	967	41,8
Livestock & poultry, slaughtered (l. w.)	272	296	299	315	327	20,2
Milk production	1791	1737	1786	1778	1742	–2,7
Egg production, mill. pieces	853	825	817	810	788	–7,6
Purchase						
Grain	2551	1927	1661	3092	2954	15,8
Rapeseed	368	386	395	582	501	36,1
Potatoes	50	55	46	53	53	6,0
Vegetables	57	56	47	56	56	–1,8
Fruit & berries	23	25	41	49	57	147,8
Livestock & poultry (l. w.)	215	235	234	244	262	21,9
Natural milk	1274	1278	1317	1360	1339	5,1
Milk (equivalent of base fatness)	1534	1540	1587	1638	1611	5,0
Eggs, mill. pieces	448	446	412	392	463	3,3

Source: Data of Statistics Lithuania.

The rich harvest of grain crops yielded in the world in 2013 has reduced the grain purchase prices by 20–25%. Fodder prices declined, whereas milk purchase prices have started growing from April and reached the record peak at the end of the year. Changes in purchase prices have impacted retail prices of products. At the end of 2013, prices for meat products and eggs were lower or increased insignificantly, whereas prices for dairy products increased substantially (Table 2.4).

The prices of Lithuanian agricultural and food products, sold on the domestic market, are influenced by the global prices of products of those exchanges, which are exported in large quantities, namely, grain and dairy products, manufactured for export. Prices of vegetables, potatoes and fruit are sometimes predetermined by the situation in the neighbouring countries. Moreover, the purchasing power of the population has an effect on the domestic market consumption and prices. Consumer price level indexes reflect best of all the position of prices in separate countries.

Table 2.4. Retail prices of food products in December 2009–2013, LTL per kg

Products	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Beef ham with bone	18,69	16,47	18,72	19,58	18,28	–2,2
Pork ham with bone	11,88	10,63	11,36	12,43	12,05	1,4
Chicken, drawn	8,80	8,11	8,59	9,05	8,91	1,3
Milk, 2.5 %, LTL/l	1,84	2,26	2,50	2,41	2,65	44,0
Butter, 82 % fat	18,98	22,09	23,96	22,91	25,51	34,4
Curd, 5–9 % fat	9,67	11,41	12,59	12,41	13,76	42,3
Eggs, 10 pcs	4,14	3,72	3,73	5,15	4,10	–1,0
Best quality wheat flour	2,24	2,40	2,59	2,41	2,36	5,4
Rye bread	4,32	4,62	4,98	5,05	5,06	17,1
Best quality wheat flour bread	4,90	5,42	5,70	5,45	5,69	16,1
Potatoes	0,85	1,20	0,78	0,81	1,2	41,2

Source: Data of Statistics Lithuania.

The highest price level indexes in the EU countries in 2012 were in Denmark, the lowest in Poland (Table 2.5). The price level in Lithuania is one of the lowest, though the level of dairy products (90%) is close to such countries as Germany and the Netherlands.

Table 2.5. Price level indices for food and non-alcoholic beverages in 2012

Country	Food and non-alcoholic beverages	Bread and cereals	Meat	Milk, cheese and eggs	Fruits, vegetables, potatoes
Poland	61	58	55	63	55
Romania	67	63	57	93	59
Bulgaria	68	57	59	92	61
Lithuania	**77**	**75**	**63**	**90**	**74**
Hungary	81	74	72	88	78
Czech Republic	84	74	73	91	85
Latvia	87	80	75	96	86
Estonia	87	84	79	88	87
Slovakia	87	82	71	97	88
Portugal	90	98	75	105	88
Spain	93	111	83	95	96
Netherlands	96	90	117	93	98
Slovenia	97	101	93	101	92
EU	100	100	100	100	100

Country	Food and non-alcoholic beverages	Bread and cereals	Meat	Milk, cheese and eggs	Fruits, vegetables, potatoes
United Kingdom	104	89	100	107	119
Greece	104	115	91	132	79
Germany	106	104	128	92	109
France	109	106	123	100	120
Cyprus	109	121	89	141	92
Belgium	110	108	118	111	104
Italy	111	114	115	126	105
Luxembourg	116	117	129	119	120
Ireland	118	110	110	119	138
Finland	119	130	119	114	121
Austria	120	134	132	101	124
Sweden	124	135	126	112	141
Denmark	143	159	132	117	134

Source: http//www.cso.ie/en/media/csoie/releasespublications/dokuments/prices/2012/plieur_2012.pdf.

The domestic market of our country constitutes the single EU market together with other EU countries, where no customs or other specific restrictions exist for consumers. Price differences of food products become formed due to the different purchasing power, different VAT rates and privileges. For example, comparing GDP per capita, expressed in purchasing power standard units, characterizing the living standard in the country, the indicator of Lithuania is by 1.5 times higher than in Bulgaria and by 3.5 times lower than in Luxembourg.

2. Foreign trade in agricultural and food products

Under the globalization conditions of the world economy, foreign trade is one of the most important factors, impacting the national economic development, as it not only affords the improvement of the commercial relations, but also stimulates the enhancement of competitiveness of the country, development of new technologies and innovations, and creation of new jobs. Foreign trade for such a small and open economy country like Lithuania is of special importance. This is also approved by the fact that the growth of foreign trade volumes was exactly that most important factor which determined the more rapid revival of Lithuania's economy after the global financial crisis of 2008–2009. The substantial part of Lithuania's foreign trade belonged to the trade in agricultural and food products, which in the past years has been still more increasing (Table 2.6).

Table 2.6. The change*of foreign trade of agricultural and food products and the share in total foreign trade of the Baltic countries in 2009–2013, per cent

Country	Indicators	2009	2010	2011	2012	2013**
		Export				
Estonia	change	–15,0	26,2	21,0	18,1	4,6
	share in total export	10,2	9,5	8,4	9,5	10,1
Latvia	change	–10,6	25,3	17,0	44,9	0,03
	share in total export	18,6	17,9	16,4	20,5	20,3
Lithuania	change	–10,3	21,7	18,7	27,0	10,8
	share in total export	19,6	18,0	16,6	18,4	19,1
		Import				
Estonia	change	–16,9	9,0	23,6	8,9	9,1
	share in total import	12,9	11,0	9,9	9,9	11,0
Latvia	change	–16,4	11,6	21,0	16,3	3,1
	share in total import	18,3	16,3	15,1	15,4	15,8
Lithuania	change	–18,3	20,0	20,1	17,7	13,8
	share in total import	14,7	13,1	12,2	13,1	14,0

* Compared to the previous year.

** Preliminary data.

Source: Data of the Departments of Statistics of Estonia, Latvia and Lithuania.

In the reference period the major portion of the total foreign trade of Lithuania consisted of agricultural and food products in the crisis year 2009, when everyday consumer goods were in higher demand. That year the share of export in agricultural and food products reached 19.6% and import 14.7%. As a result of the improved economic situation of Lithuania and its trade partners in 2010, demand in the products of other economic sectors started growing, thus conditioning a decrease in the relative weight of exports and imports of agricultural and food products in the total national trade. In 2011, the share of their export accounted for 16.6% and import for 12.2%. However, in the past years, due to the enhanced demand in food products and their increased global prices, the share of exports and imports started growing and in 2013 nearly reached the level of 2009 – 19.1% and 14.0%, respectively. As compared to other Baltic countries, during the entire reference period, the share of agricultural and food products in Lithuania's total exports of goods was larger than the equivalent share of Estonia's exports of goods and of Latvia – except for the years 2012 and 2013. The share of Lithuania's imports over the period in question was larger than in Estonia, though smaller than in Latvia.

According to the preliminary data of the Department of Statistics, in 2013 Lithuania exported agricultural and food products for LTL 16.2 billion (by 10.8% more than in 2012 and two times more than in 2009) and imported for LTL 12.8 billion (more by 13.8% and by 1.9 times, respectively). Exports of products of Lithuanian origin accounted for 64% of the total exports of agricultural and food products. Within the reference period its share dropped by 9 percentage points. The value of exports of products of Lithuanian origin increased by 6.9%, whereas exports of non-Lithuanian

products went up by 1.2 times. The balance of trade throughout the entire reference period went on increasing and was positive (Fig. 2.1). Foreign trade turnover reached LTL 29.0 billion. The rate of import coverage by export made 1.26.

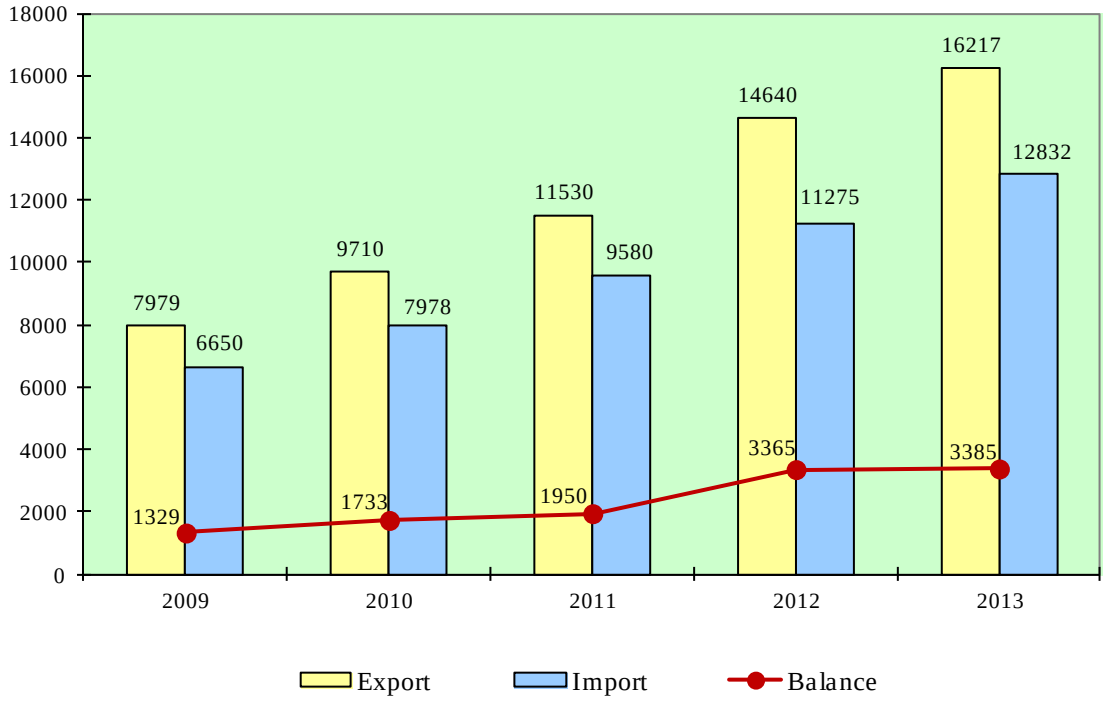


Fig. 2.1. Export, import and foreign trade balance of agricultural and food products in 2009–2013, LTL million

Source: Data of Statistics Lithuania.

In 2013, the rates of growth of exports and imports in agricultural and food products have been slowest since 2010, 10.8% and 13.8%, respectively. The same situation has been observed in other Baltic countries, though the rates of growth were lower than in Lithuania: exports of Estonia increased by 4.6%, imports by 9.1%; exports of Latvia by 0.03% and imports by 3.1%. The growing domestic demand, the need in raw materials for the food production industry and re-export opportunities had an effect on the more rapid growth rate of Lithuanian imports as compared to exports. In 2013, as compared to the crisis year 2009, the value of Lithuanian exports in agricultural and food products increased by more than twice, that of Latvia 2.1 times, and of Estonia 1.9 times. Meanwhile, imports growth in Lithuania was fastest among the Baltic countries and increased 1.9 times, and that of Latvia and Estonia was equal – 1.6 times each. It is noteworthy that over the reference period Lithuania's exports in agricultural and food products were higher than in Latvia and Estonia taken together.

In 2013, Lithuania exported goods into 188 countries, agricultural and food products were exported into 134 countries (of Lithuanian origin into 133 countries). Over the period from 2009 to 2011, the prepared foodstuffs, beverages and spirits and tobacco products (Fig. 2.2) prevailed in the export structure under product chapters of the Combined Nomenclature (CN). Nevertheless, from 2012, vegetable products have

been in the lead in the export structure. Those export structure changes were determined by the considerably augmented export of fruits and nuts, vegetables and cereals. In 2013, exports of vegetable products (CN Section II) were most considerable. Their value constituted 39.8% of the total value of exported agricultural and food products. The prepared foodstuffs, beverages, spirits and tobacco products (CN Section IV) accounted for 34.2%, live animals and animal products (CN Section I) 24.8%, and fats and oils (CN Section III) just 1.2%. As compared to 2012, export under all four CN product sections increased.

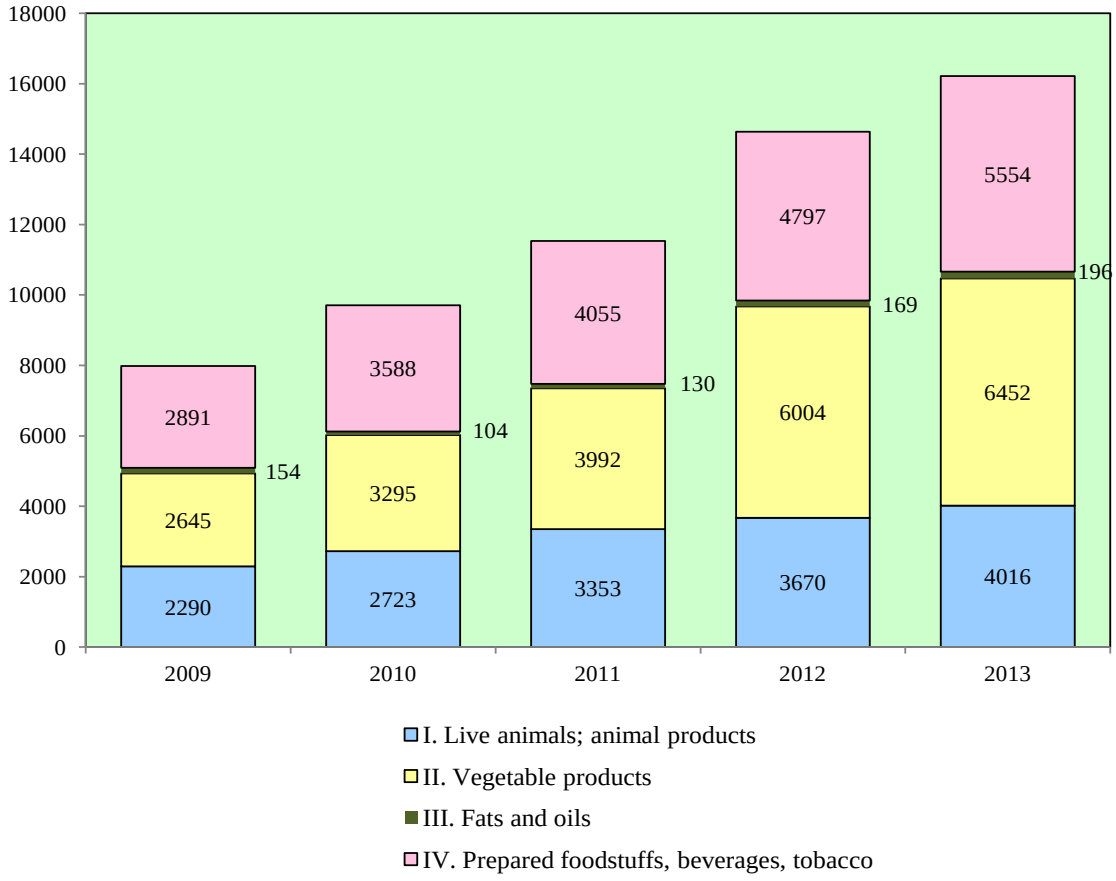


Fig. 2.2. Structure of export of agricultural and food products by CN section in 2009–2013, LTL million

Source: Data of Statistics Lithuania.

As in the previous years, the larger part of exports belonged to dairy products, eggs and honey – for LTL 2079 million (12.8% of the total agricultural and food product export). Cereals were ranked second as to the value of exports (12.0%). Export of fruit (9.7%) and vegetables (9.5%) was considerable. As compared to 2012, export of 21 products (Fig. 2.3) of CN 24 chapters has increased.

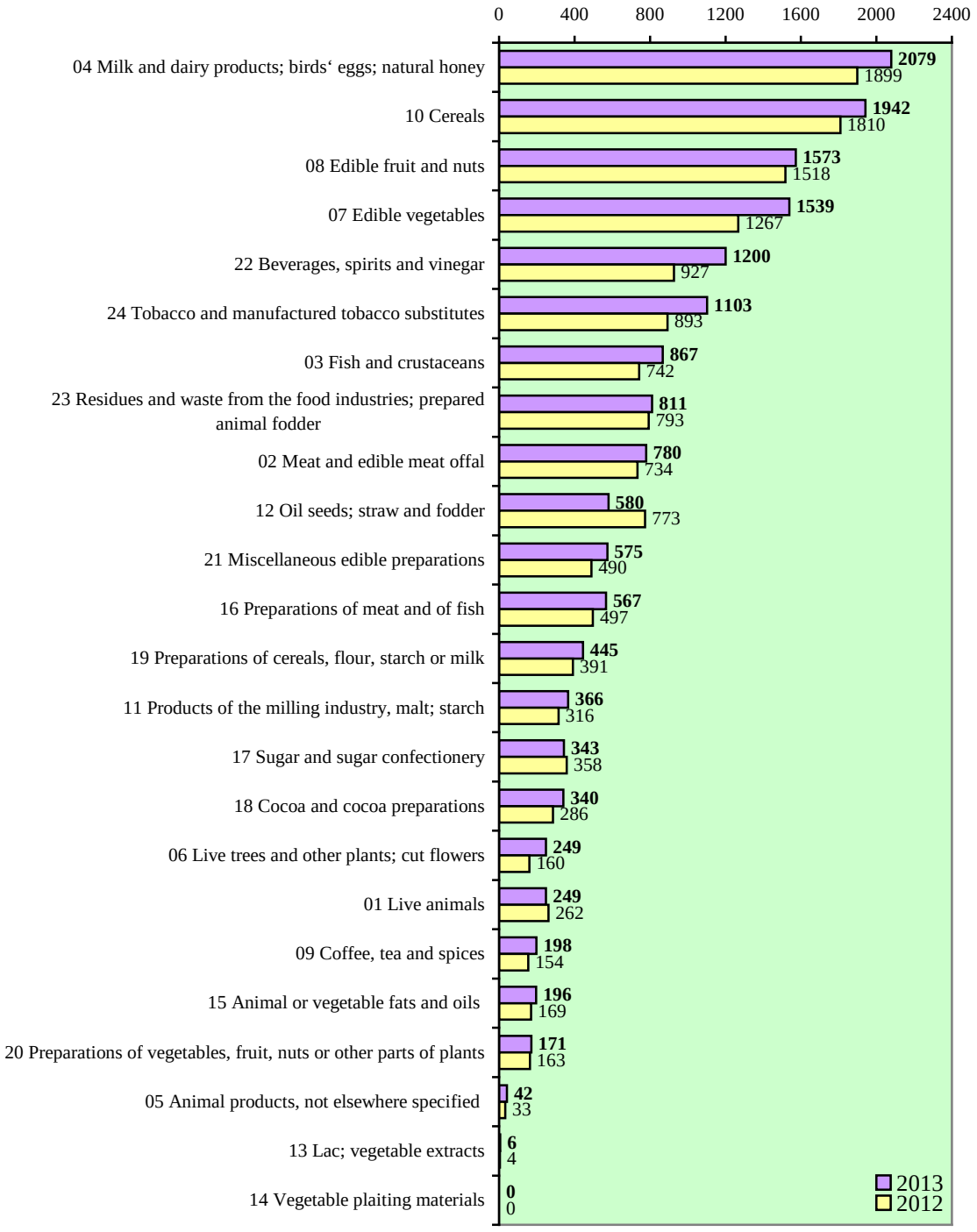


Fig. 2.3. Exports of agricultural and food products in 2012 and 2013, LTL million

Source: Data of Statistics Lithuania.

The value of the products of Lithuanian origin exported in 2013 amounted to LTL 10385 million. 61% of the value of the products of Lithuanian origin included milk and dairy products, eggs and honey, cereals, tobacco products, residues and waste from the food industries and prepared animal fodder, fish and crustaceans (Fig. 2.4).

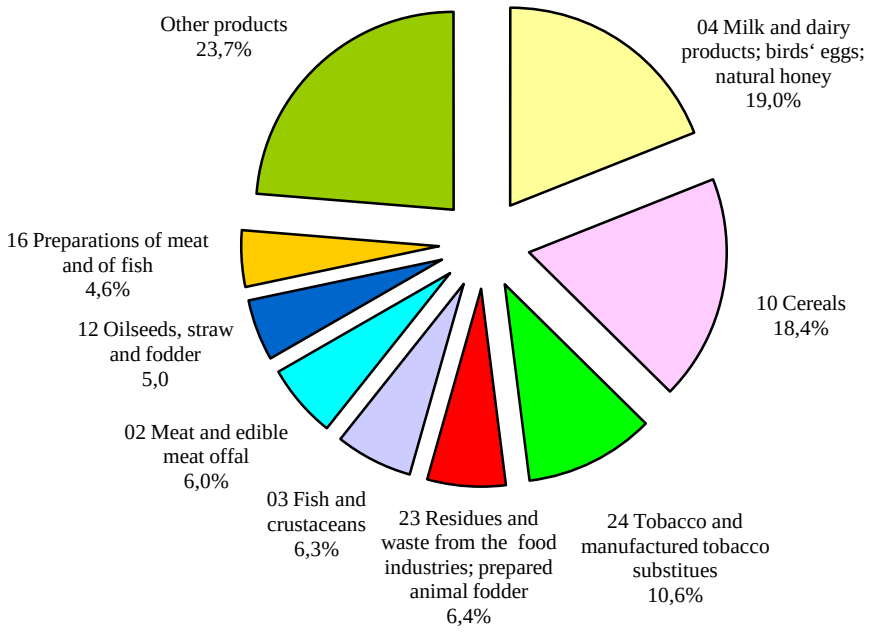


Fig. 2.4. Structure of export of Lithuanian origin agricultural and food products in 2013, LTL million

Source: Data of Statistics Lithuania.

Over 50% of export share consisted of the products of Lithuanian origin under fifteen chapters out of products under twenty-four CN chapters, mostly – over 90% – tobacco products, cereals, products of the milling industry, milk and dairy products, live animals, and oil seeds. Various beverages manufactured in Lithuania accounted for 32%, vegetables 12%, fruit 5%, and coffee, tea and spices 5% of exports of the respective products.

Within the reference period, exports of almost all Lithuanian origin products have increased. Exports of tobacco products increased most of all – by 24%. Export of beverages and spirits and vinegar was by 21%, meat and fish products by 16%, cereals by 9%, milk and dairy products, eggs and honey by 8% higher.

In 2013, the value of exports of milk and dairy products (CN 0401–0406), if compared to 2012, increased by 9.9% to LTL 2013 million. The growth should have been higher if not the ban of Russia to bring in the Lithuanian dairy products. Milk and dairy products accounted for 12.4% of the total exports of agricultural and food products. 95% of the above-mentioned products were manufactured in Lithuania.

Within the reference period, exports of Lithuanian milk and dairy products increased by 8.2%, its value reaching LTL 1918 million. 46% of exports of dairy products consisted of cheeses and curd, even though their exports dropped by 9.9 thou. t, if compared to 2012. Not concentrated cream and milk shipment was by 17.7 thou. t higher, its value amounted to LTL 490 million (26% of exports of dairy products) and increased 1.4 times. Concentrated milk and cream comprised 14% of exports of dairy products; with their export value decreased by 3.3% and constituted LTL 263 million. Compared to 2012, the export of whey of various forms was higher by 25 %. The amount of exported butter and other milk fats increased by 8.6%, their value increased 1.4 times, and reached LTL 77 million.

The main export countries of dairy products of Lithuanian origin are Russia (26% of the total export of dairy products), Poland, Italy (15% each), Germany (9.6%), and Latvia (7.8%). Shipment to these countries in 2013 accounted for 73% of the dairy products.

Cereals accounted for 12.0% of the total export value of agricultural and food products. In 2013, their export totalled LTL 1942 million and, if compared to 2012, the export value increased by 7.3%. This enhancement in 2013 was due to the sales of the record harvest of cereals in 2012 and the cereals harvest in 2013 that was insignificantly lower than in 2012. 98% of exported cereals was cultivated in Lithuania. In the structure of exports of agricultural and food products of Lithuanian origin, cereals in terms of value comprised 18.4%. The total exports of various cereals cultivated in Lithuania constituted 2478 thou. t, 1.2 times more than in 2012. Export of wheat increased by 16%, barley 2.9 times, triticale by 29%, oat 1.7 times, grain maize 1.5 times, and buckwheat 4.2 times. Only exports of rye reduced by 46%.

The key export partners were the Islamic Republic of Iran (39% of the total exports of cereals), Saudi Arabia (23%), Latvia (6.8%), and Sweden (5.5%).

Third ranked in terms of export value is fruit, with exports amounting to LTL 1573 million. Fruit of Lithuanian origin, however, accounted just for 5.1% (in 2012 – 6.1%). Bilberries, gathered in Lithuania and frozen, made the largest portion of exports (5.6 thou. t for LTL 52 million). 68% of the total exported fruit and nuts was shipped to Russia, 13% to Belarus, and 5% to Latvia. 26% of fruit and berries of Lithuanian origin was exported to Germany, 13% to China, and 12% to Poland.

Vegetables exported in 2013 amounted to LTL 1539 million, comprising 9.5% of the total exports. Within the reference period, export value increased by 21%, whereas Lithuanian origin products accounted just for 12%. 90% of Lithuanian origin vegetables consisted of chanterelles, gathered in Lithuania (2.9 thou. t for LTL 56 million were shipped), champignons, cultivated in Lithuania (10.9 thou. t for LTL 55 million), dried peas (22.4 thou. t for LTL 25 million), potatoes (26.6 thou. t for LTL 18 million), carrots (9.6 thou. t for LTL 9.8 million) and other kinds of mushrooms (0.3 thou. t for LTL 9.7 million). Of vegetables of non-Lithuanian origin, the major part of exports consisted of tomatoes (36% of exports of vegetables of non-Lithuanian origin), paprika (19%), butterhead lettuce (6%), and aubergines (5%).

The major share of exported vegetables belonged to Russia – 76% of the total exports of vegetables. 71% of vegetables of Lithuanian origin was shipped to Germany (17% of vegetables of Lithuanian origin), Sweden (14%), Russia (11%), Latvia (9.7%), Poland (7.1%), Norway (6.6%), and France (5.5%).

In 2013, 7.4% of the export value belonged to beverages and spirits, with the export value increased by 30%. Lithuanian origin beverages, however, accounted just for 32% of the export value.

The export of tobacco products comprised LTL 1103 million, their share in the total export making 6.8%. All these products were manufactured in Lithuania. Tobacco products accounted for 10.6% of the export value of Lithuanian origin products

Exports of fish and crustaceans accounted for 5.3% of the total value of exported agricultural and food products. As compared to 2012, the value increased by 17% up to LTL 867 million. Products of Lithuanian origin comprised 76% of the total exports of fish and crustaceans.

The export value of the residues and waste from the food industries and prepared animal fodder was by 2.2% higher (LTL 811 million) than in 2012. These products

covered 5.0% of the total exports. Products of Lithuanian origin accounted for 82% of the total export of the above products. The main partners of export are the United Kingdom, Poland, Belarus, Germany, and Latvia.

In comparison with 2012, export of meat and edible meat offal in 2013 increased by 6.3% up to LTL 780 million and accounted for 4.8% of the total exports of agricultural and food products. 80% of the exported meat was of Lithuanian origin. 44% of the export value consisted of poultry meat, 41% of bovine meat, and 10% of pork.

In 2013, poultry meat, manufactured in Lithuania, comprised the major part of exports – 37.9 thou. t, by 17% more than in 2012, with its value LTL 274 million, by 23% higher. 96% of the exported poultry meat value consisted of chicken. The average poultry meat export price increased from 6857 to 7229 LTL/t. Poultry meat was exported to 32 countries. 77% of the said meat was shipped into the Netherlands (for LTL 62.5 million), the United Kingdom (LTL 38.6 million), Latvia (LTL 37.9 million), France (LTL 36.9 million), and Estonia (LTL 36.8 million).

Exported meat of bovine animals, manufactured in Lithuania, amounted to 21.2 thou. t, with its value standing at LTL 259 million (amount reduced by 15%, value by 23%). Average export price for fresh or chilled bovine meat dropped from 13264 to 12109 LTL/t (8.8%), frozen from 13664 to 12504 LTL/t (8.5%). Bovine meat was exported into 27 countries. 80% of bovine meat was shipped into Russia (for LTL 107 million), Italy (LTL 31 million), the Netherlands (LTL 28 million), and Sweden (LTL 18 million).

Export of pork of Lithuanian origin was by 1.5 times higher than in 2012, amounting to 6.6 thou. t. Its shipment comprised LTL 60.6 million; with the average export price increase from 8839 to 9246 LTL/t. Pork was exported to 21 countries. 80% of pork was shipped into Russia (LTL 25.5 million), Latvia (LTL 17 million), and Estonia (LTL 6.1 million).

The export value of oil seeds in 2013, as compared to 2012, decreased by 25%. The main export partners for oil seeds, the exports thereof made 69%, are the Netherlands (24%), Germany (16%), Belgium (15%), and Latvia (13%).

Various food products under CN Chapter 21 accounted for 3.6% of the export of agricultural and food products, their value reached LTL 575 million. In 2013, as compared to 2012, their export increased by 17%. The share of Lithuanian origin products constituted 40%. The majority of the products under this Chapter was exported to Russia (32%), Latvia (24%), and Estonia (15%).

3.5% of the total exports of agricultural and food products consisted of meat and fish products. Compared to 2012, export increased by 14%. Part of Lithuanian origin products accounted for 84%. Preparations of fish accounted for 62% of the export value, preparations of meat for 38%. The major part of exported meat and fish products went to Germany (15%), Russia (15%), France (12%), Estonia (12%), and Latvia (11%).

Export of preparations of cereals, flour, starches or milk and bakery confectionery was by 14% higher than in 2012. These preparations accounted for 2.7% of the total export of agricultural and food products. The share of the products of Lithuanian origin stood at 63%. The main partners of export were Russia (24%), Latvia (18%), the United Kingdom (15%), and Estonia (8.6%).

The export value of the products of the milling industry, malt, starches, inulin and wheat gluten (CN Chapter 11 products) constituted 2.3% of the total export of agricultural and food products and was by 16% higher than in 2012. The share of the products of Lithuanian origin accounted for 96%. The major part of exports consisted of

wheat starches, wheat gluten, and malt. The main export partners are Poland (23%), Latvia (14%), USA (10%), the Netherlands (7.5%), and Germany (7.4%).

In 2013, exports of sugar and sugar confectionery dropped by 3.9 % and constituted LTL 343 million. Export reduction was influenced by the fall of sugar prices on the global markets. 78% of exported sugar was of Lithuanian origin. 81% of white sugar was shipped to Latvia (47%), Estonia (24%), and Poland (11%).

Within the reference period, the largest portion of agricultural and food products was exported to the market of the EU countries. Analysis of export of agricultural and food products into different countries over the period of 2009–2013 showed that in spite of the annual increase of the value of export into the EU countries, this market covers still more decreasing share of export, which has dropped from 64% in 2009 to 52% in 2013. In 2013, export to the EU countries amounted to LTL 8356 million and, as compared to 2012, increased by 6.2% and exceeded exports of 2009 1.6 times. This growth was determined by export of products of Lithuanian origin, the share whereof against the total exports within the reference period accounted for about 83%. The export value of these products in 2013, if compared with 2012, increased by 4.2% to LTL 6869 million (Fig. 2.5).

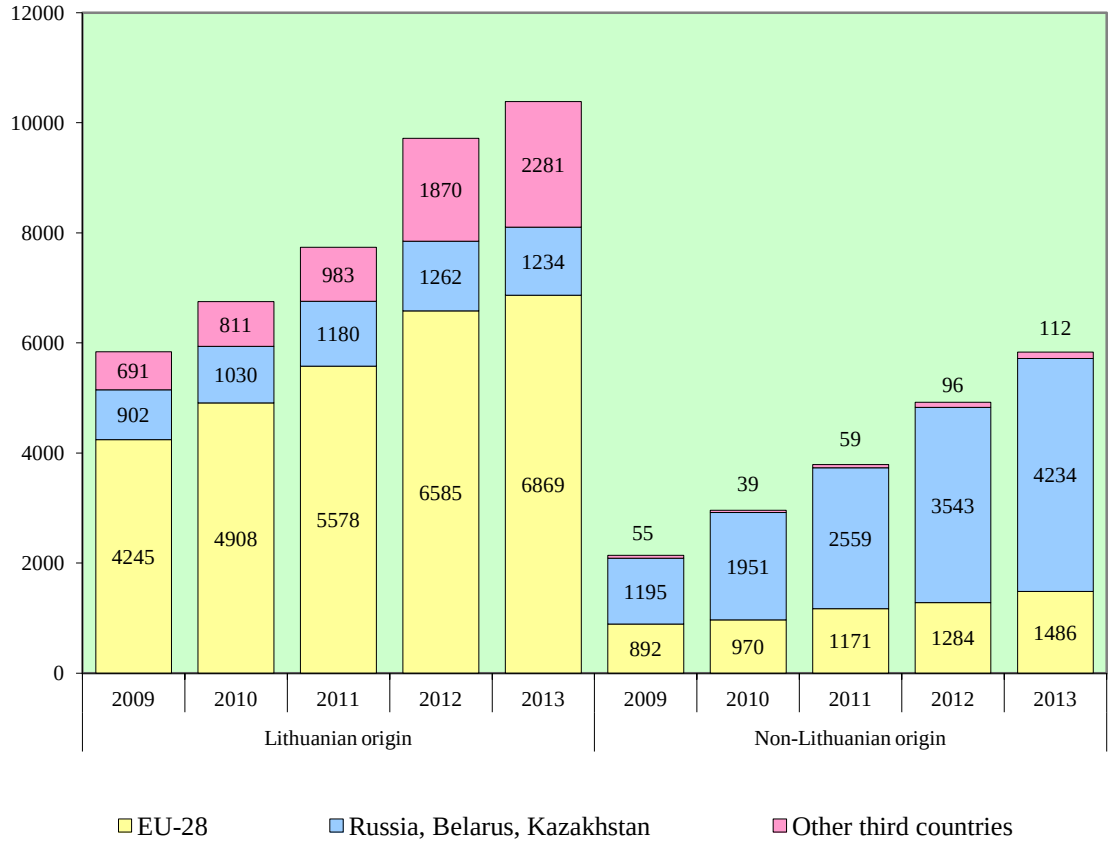


Fig. 2.5. Exports of agricultural and food products by country group and origin in 2009–2013, LTL million

Source: Data of Statistics Lithuania.

The largest share of products of Lithuanian origin shipped to the EU countries consisted of dairy products, tobacco products, fish and crustaceans, residues and waste from the food industries and prepared animal fodder, oil seeds and other seeds, cereals, meat and edible meat offal, and preparations of meat and fish. The said products accounted for 73% of the products of Lithuanian origin exported to the EU market. The key partners of export to the EU countries were Latvia, Germany, Poland, Estonia, the Netherlands, Italy, and Sweden. Export to these countries covered 75% of the total export to the EU.

In the past years the market of third countries has become still more important for export of Lithuanian agricultural and food products. The share of exports to third countries went up from 36% in 2009 to 48% in 2013. The value of exports to third countries in 2013, as compared to 2012, increased by 16% and reached LTL 7861 million (in comparison with 2009, increased 2.8 times). Part of the products of Lithuanian origin exported to third countries dropped from 56% in 2009 to 45% in 2013. 70% of the products shipped to third countries belonged to the Customs Union countries (Russia, Belarus, and Kazakhstan). As compared to 2012, export to the above-mentioned countries increased by 14%.

The major part of exported products of Lithuanian origin to third countries consisted of cereals, dairy products, tobacco products, meat and meat offal, residues and waste of the food industries and prepared fodder for animals. The main partners of export to third countries are Russia, the Islamic Republic of Iran, Belarus, Saudi Arabia, Norway, Turkey, and Egypt. Export to the above countries accounted for 89% of the total export to third countries.

In 2013, Lithuania imported goods from 152 countries; agricultural and food products were imported from 109 countries. Lithuania's imported agricultural and food products in 2013 amounted to LTL 12832 million, by 14% more than in 2012. Agricultural and food products comprised 14% of the total imports of goods into Lithuania. Of the twenty-four CN chapters, import of three products decreased, and import of products under the remaining 21 chapters increased or stayed at the same level. The highest increase of imports, almost 1.7 times, consisted of plants and cut flowers, 1.3 times of animal products, not elsewhere specified (CN 05), milk and dairy products, poultry, eggs, and natural honey, 1.2 times of preparations of flour and starches, live animals, vegetables, and various food products (CN 21), various beverages, oils seeds and fodder, preparations of meat and fish, products of the milling industry, malt, and starches. Imports of vegetable plaiting materials dropped by 45%, sugar and sugar confectionery by 20%, and cereals by 18%.

Over the period of 2009–2013, import of fruit and nuts in terms of value was in the lead. Their value in 2013 accounted for 15% of the total value of imported agricultural and food products. Plenty of vegetables, various beverages, fish and crustaceans, milk and dairy products, eggs, honey, meat, miscellaneous edible preparations under CN Chapter 21 (extracts, food additives, and spreads), residues and waste of the food industries, fats and oils were imported. The value of the above-mentioned products accounted for more than 72% of the total imports of agricultural and food products (Fig. 2.6).

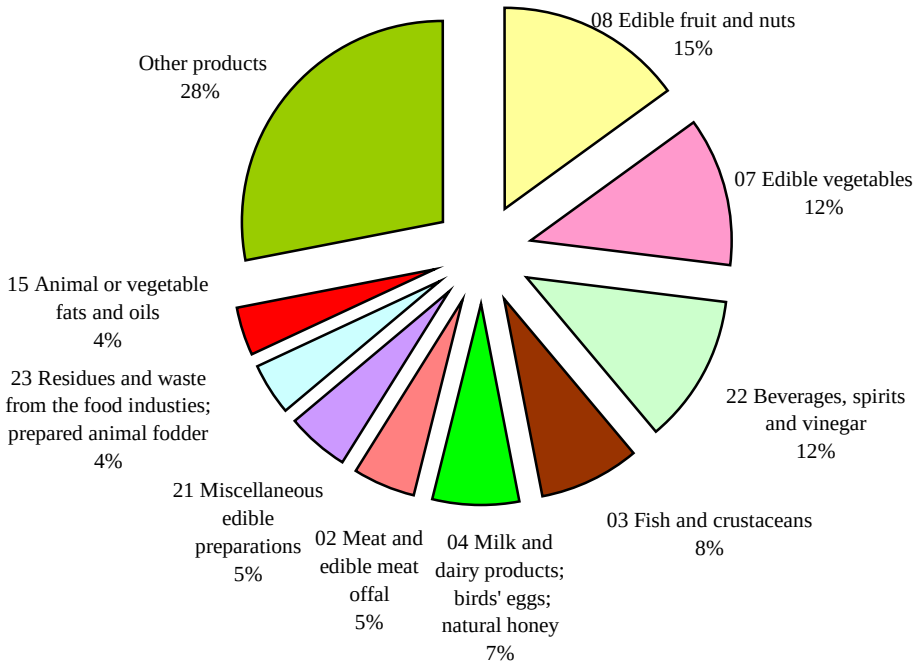


Fig. 2.6. Structure of import of agricultural and food products in 2013

Source: Data of Statistics Lithuania.

As mentioned, edible fruit and nuts are imported most of all every year. In 2013, as compared to 2012, their import increased by 7.1%. 74% of the total value of imports of fruit and nuts consisted of fresh strawberries, kiwi, raspberries, cranberries, blueberries (19.5%), citrus fruit (17.5%), apples and pears (15.4%), grapes, fresh or dried (11.2%), apricots, cherries, peaches, plums (10.2%). 42% of fruit and nuts is shipped from the Netherlands, followed by Spain (13%), Italy (11%), Poland (5.0%), and Belarus (3.0%). If assessed by weight, 72% of the products under this chapter were re-exported.

In 2013, edible vegetables were ranked second by import value. Their import, as compared to 2012, increased by 24% and accounted for 12% of the total imports of agricultural and food products. Import of champignons, paprika, chanterelles, and aubergines comprised 38% (re-exported 108 thou. t, 85%), tomatoes 33% (re-exported 108 thou. t, 85%), various lettuces 7.6% (re-exported 23 thou. t, 89%), and cucumbers 4.9% (re-exported 14 thou. t, 65%). The major part of vegetables was imported from the Netherlands (68%), Poland (8.5%), and Spain (7.3%). If assessed by weight, 82% of the products under this chapter was re-exported.

Various beverages were third in terms of import volume. Imports of beverages per year increased by 20%, wine comprised 49% of the import value in this group, strong spirits 22%, mineral and carbonated waters with sugar or sweetening matter and other flavours 9%, and beer 7.4%. Wine was imported from 36 world countries; however, the share of imports from France, Italy, and Spain constituted 81% of the total imported wine. Strong spirits were mostly shipped from France, Germany, Latvia, Sweden, the United Kingdom, and Russia (almost 68%), mineral and carbonated waters with various flavours from Poland, Latvia, Austria, and Hungary (over 70%), beer from Latvia, Belarus, Germany, the Netherlands, Poland, and Estonia (over 77%).

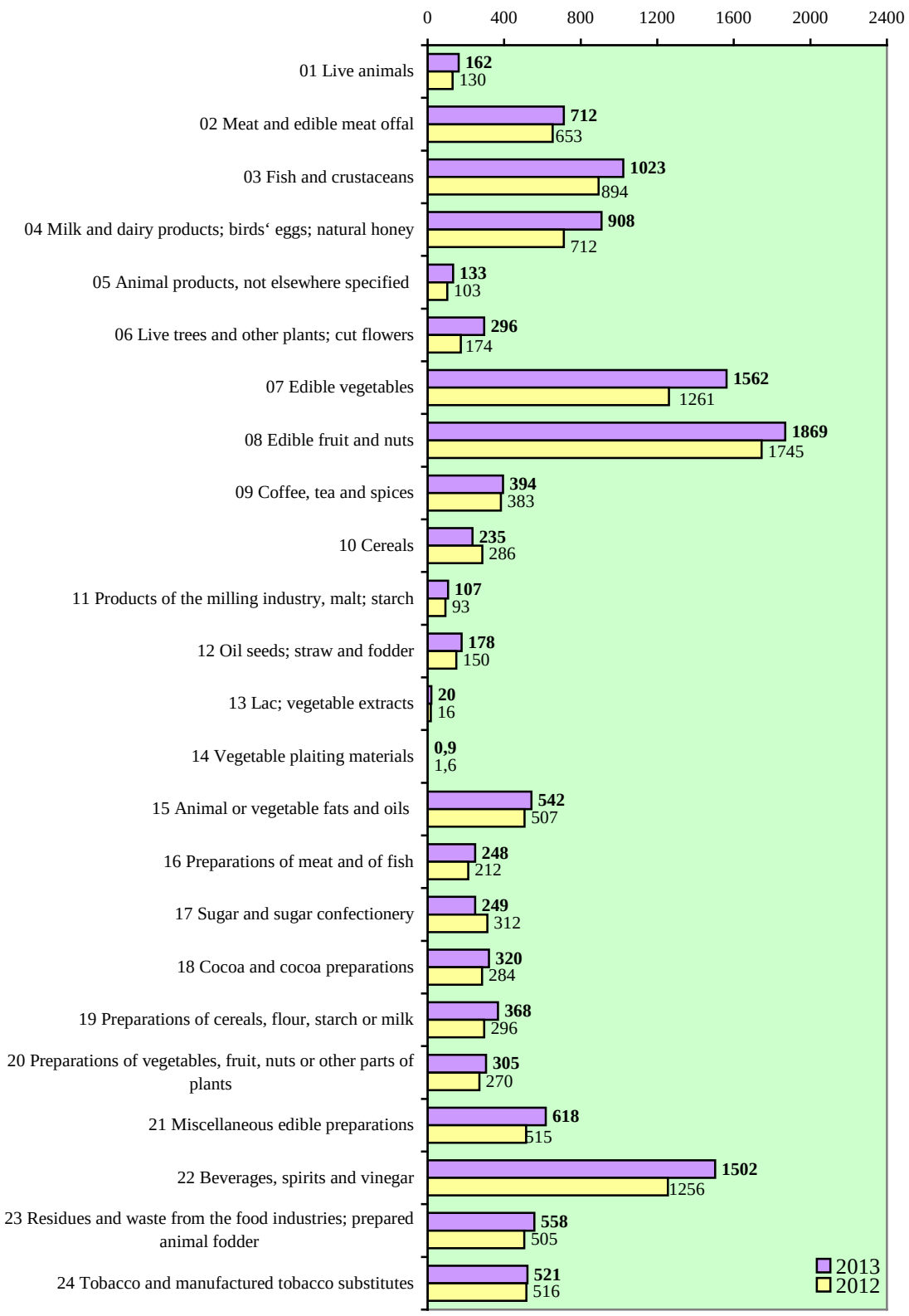


Fig. 2.7. Import of agricultural and food products in 2012 and 2013, LTL million

Source: Data of Statistics Lithuania.

In 2013, as compared to 2012, imports of fish and crustaceans in terms of value increased by 14%. Import amounted to 27 thou. t of fresh and chilled fish, 33 thou. t of fish fillet and other fish meat, and 47 thou. t of frozen fish. Import prices for all fish within the reference period went up. The average import price for fresh and chilled fish increased by 28%, from 11923 to 15208 LTL/t, prices for fish fillet and other fish meat increased only by 6.2% – from 8354 to 8874 LTL/t. 34% of fish and crustaceans was imported from Sweden, 10% from each Germany and Norway, 5.5% from each Kazakhstan and Latvia, and 4.3% from the USA. Imports from these countries accounted for 70% of the total value of imported fish and crustaceans.

Imports from the EU constitute the largest share of the imported agricultural and food products – 85.2% (LTL 10936.8 million) of the total imports of agricultural and food products. The share of the old EU Member States (EU-15), if compared to 2012, increased by 1.9 percentage points, making 64% of the products imported from the EU. 51% of the value of all imported agricultural and food products consisted of imports from the Netherlands, Poland, Latvia, and Germany.

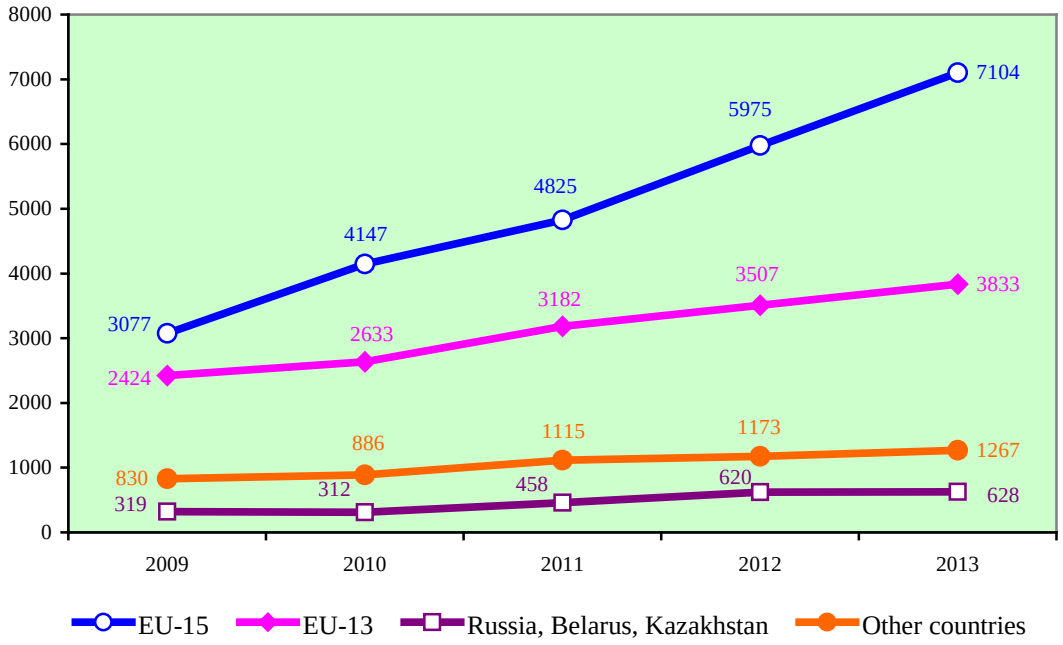


Fig. 2.8. Dynamics of import of agricultural and food products by country group in 2009–2013, LTL million

Source: Data of Statistics Lithuania.

In 2013, imports of agricultural and food products from the countries of all groups exceeded the 2009 level. Volumes of imports from Russia, Belarus and Kazakhstan (Customs Union) and other third countries within the period of 2009–2013 got changed in a similar way. Import from the EU old countries increased more rapidly than from the EU new countries, and exceeded the pre-crisis level already in 2010 from EU-15 and in 2011 from EU-13, and within the reference period increased 2.3 and 1.6 times, respectively.

In 2013, imports from Russia, Belarus and Kazakhstan were by almost 2 times higher than in 2009, and compared to 2012 increased just by LTL 7.8 million. In 2013, imports from the Customs Union accounted for 4.9% of the total imports of agricultural

and food products and 33% of the imports of agricultural and food products from third countries.

In 2013, in comparison with 2012, imports according to all four CN product sections increased. Imports of prepared foodstuffs, beverages and tobacco (CN Section IV, Chapters 16–24) increased by 13%, fats and oils (Section III, Chapter 15) by 6.9%, vegetable products (CN Section II, Chapters 06–14) by 11% and live animals and animal products (CN Section I, Chapters 01–05) by 21%.

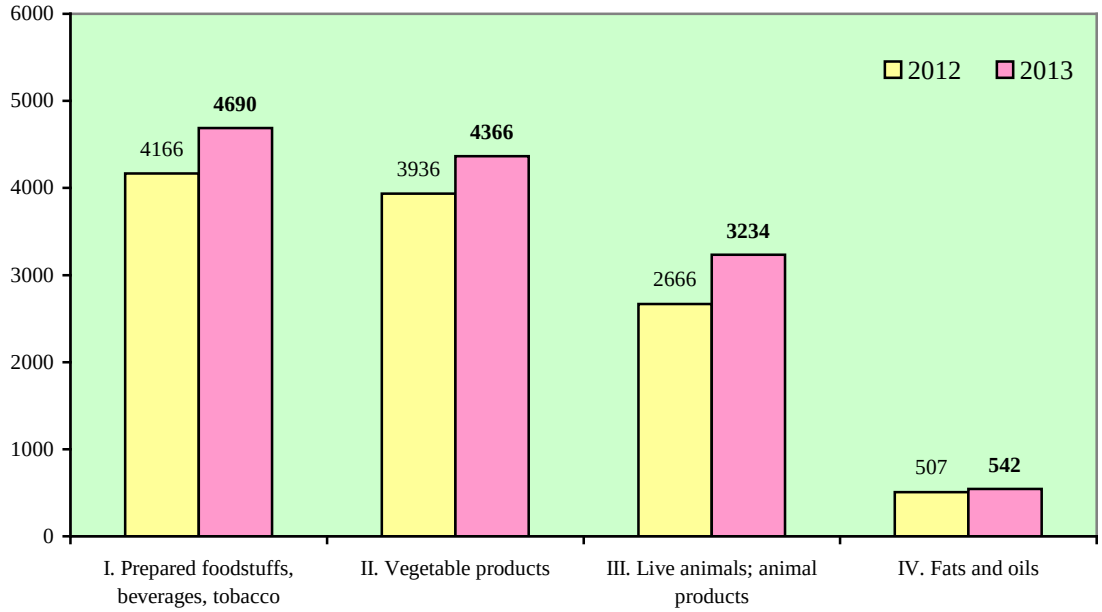


Fig. 2.9. Import of agricultural and food products by CN section in 2012 and 2013, LTL million

Source: Data of Statistics Lithuania.

Analysis of foreign trade in agricultural and food products showed the surplus of trade in products under CN twelve chapters. The highest positive balance of trade stood for trade in grain, CN Chapter 04 products (milk and dairy products, eggs, and honey), tobacco and tobacco products, oil seeds and fodder, preparations of meat and fish, products of the milling industry, malt and starch. The highest negative balance of trade was noted for fats and oils, various beverages, fruit and nuts, and coffee and tea.

The surplus of trade in cocoa and chocolate, sugar and sugar confectionery, tobacco, products of the milling industry, cereals, preparations of meat and fish increased significantly. The negative balance of trade in nuts and fruit increased by 31%. The balance of trade in vegetables that was positive in 2012 has become negative in 2013.

The balance of trade with the EU countries, like in the previous year, was negative, deficit expanded 1.6 times – from LTL 1612 to 2581 million. The surplus of trade with third countries within the reference period increased by 20% – from LTL 4977 million to 5966 million.

The highest surplus was in trade with Russia (LTL 4415 million), Iran (LTL 736 million), Latvia (LTL 492 million), Saudi Arabia (LTL 441 million), Belarus (LTL 380 million), the highest deficit – in trade with the Netherlands (LTL 1795.4 million), Poland (LTL 573 million), France (LTL 275 million), and Ukraine (LTL 169 million).

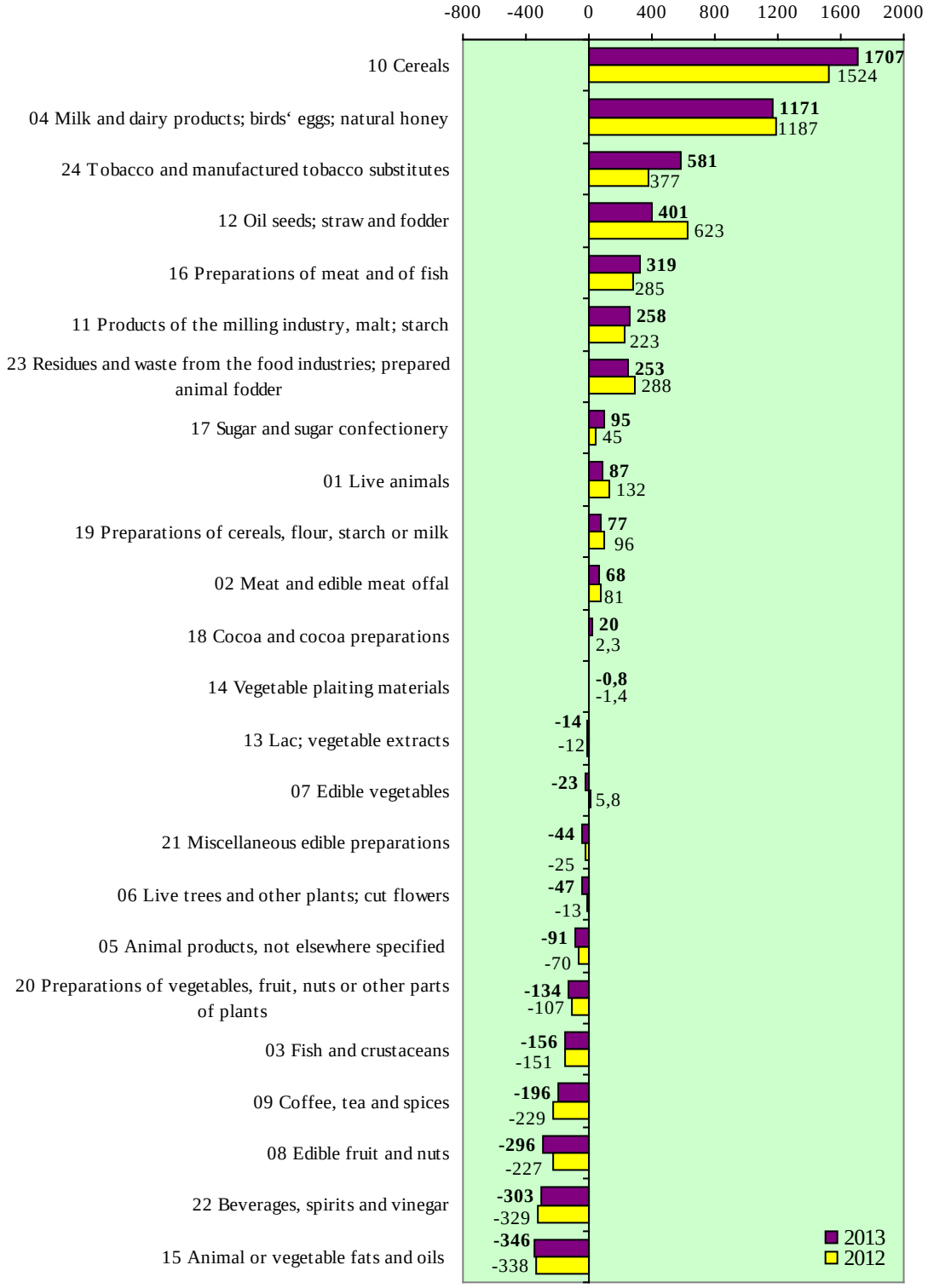


Fig. 2.10. Balances of agricultural and food products in 2012 and 2013, LTL million

Source: Data of Statistics Lithuania.

The turnover in 2013, as compared to 2009, increased almost two times and constituted LTL 29 billion (Fig. 2.11). The share of the foreign trade turnover of agricultural and food products in the total national foreign trade turnover has been increasing every year and in 2013 it accounted for 16.4%, even though it has not yet reached the indicator which existed in 2009 (17.0%).

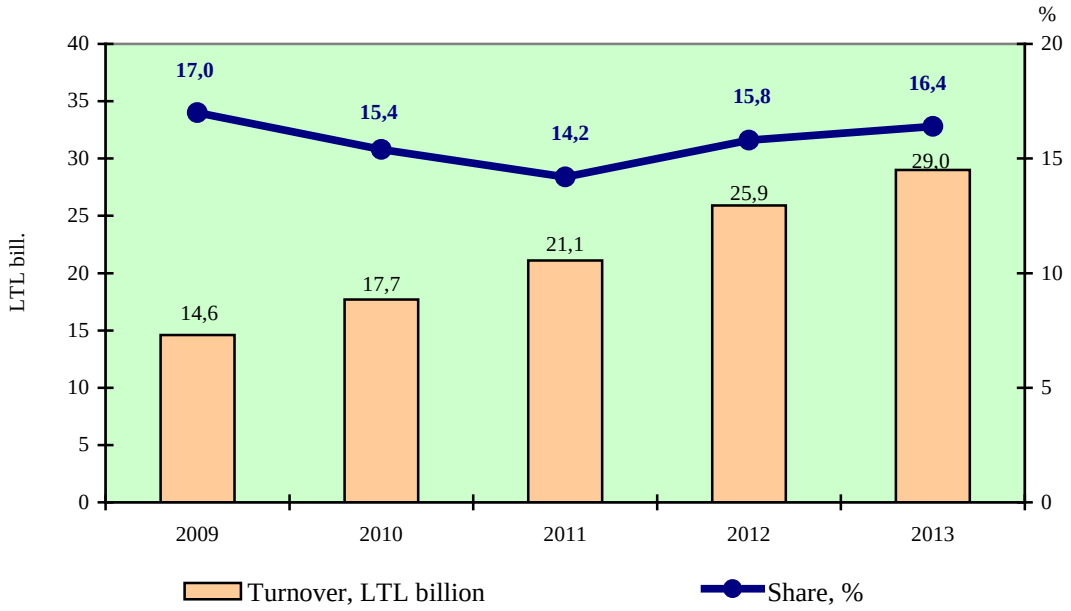


Fig. 2.11. Turnover of foreign trade of agricultural and food products and its share in total Lithuania's foreign trade in 2009–2013

Source: Data of Statistics Lithuania.

60.4% of the total trade turnover of agricultural and food products comprised: trade with Russia – LTL 5073 million (17.5%), the Netherlands – LTL 3166 million (10.9%), Latvia – LTL 3037 million (10.5%), Poland – LTL 2585 million (8.9%), Germany – LTL 2311 million (8.0%), and Estonia – LTL 1332 million (4.6%).

Further tendencies of foreign trade in agricultural and foreign products in Lithuania will depend on the rates of development in the manufacture of these products, business environment, the harmonious activity of the market participants, as well as on global international trade tendencies and foreign trade policy pursued the partner countries. Of importance also are international agreements that liberalize the flows of goods, curtail or completely eliminate tariff and non-tariff barriers, the political situation in some countries with which Lithuania has the high turnover of trade.

3. Changes in production of agricultural and food products

3.1. Cereals

The increasing areas under grain crops show that this branch is still in popularity in Lithuania. Lithuania is able to supply itself with the main grain crops, and by the amount of exported wheat in the EU it is ranked fourth (after France, Germany, and Romania). Its exported wheat accounts for 8% of the total EU wheat export. Lithuania is in the lead by the amount of exported wheat per hectare of UAA in the above-mentioned countries.

Cultivation. In 2013, the area under grain crops in Lithuania, as compared to 2009, increased by 9.1% (Fig. 2.12). The area under cereals increased more rapidly. Over the period of 2009–2013 it increased by 9.7%, including spring cereals by 19.6% and winter cereals by 2.2. In 2013, in the structure of areas under cereals the areas under winter cereals comprised 52.9%. Most of all increased areas under spring triticale (2 times) and wheat (by 95.2%), and of areas under winter crops, areas under barley (by 69.3%) and under rye (by 41.5%) decreased most of all.

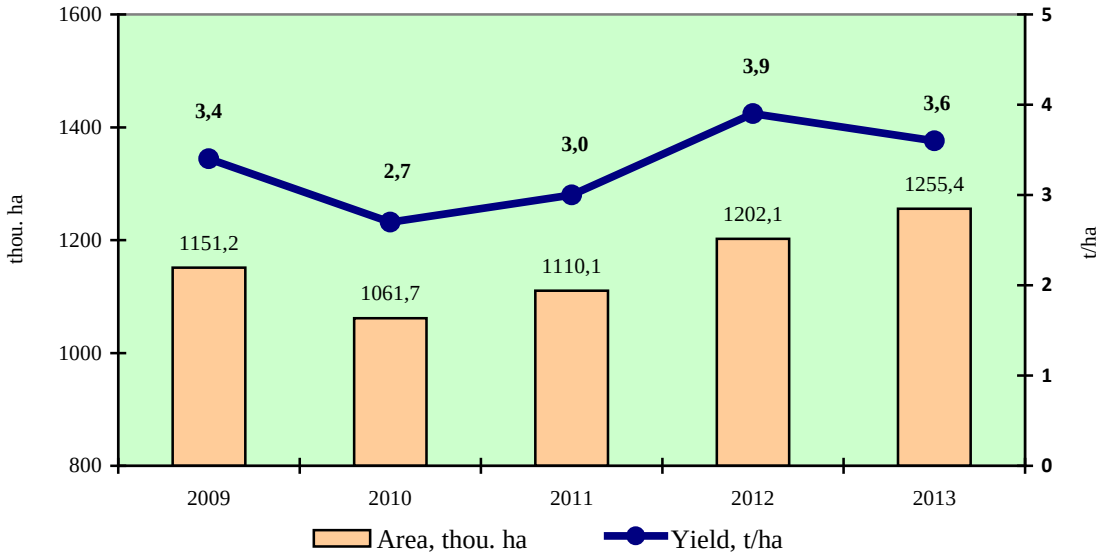


Fig. 2.12. Crop area and yield of grain crops in 2009–2013

Source: Data of Statistics Lithuania.

In 2013, as compared to 2012, areas under cereals changed insignificantly, on the average, increased by 4.4 %: winter cereals by 7.7%, spring cereals by 0.8%. In 2013, in the structure of the areas under winter cereals, the largest portion of areas belonged to wheat – 72.5%, and under spring cereals – wheat and barley – comprised 35.2% each.

The total yielding capacity of grain crops in 2013, as compared to 2012, was by 0.32 t/ha lower, whereas harvest was by 4.4% higher, this being due to the increased crop area. Over the period of 2009–2013, the lowest yields of the majority of grain crops were in 2010 and 2011. Such results were determined by unfavourable meteorological conditions. In 2013, as compared to 2009, the highest increase was achieved in the yield of maize – by 70.2%, buckwheat by 38.8 %, whereas the yield of rye reduced by 22.5% (Table 2.7).

Table 2.7. Average yield of grain crops in 2009–2013, tonnes per hectare

Kind of grain crops	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Grain crops	3,38	2,70	2,98	3,94	3,62	7,1
cereals	3,45	2,76	3,03	4,02	3,68	6,7
winter cereals	3,89	3,06	3,03	4,73	4,09	5,1
wheat	4,40	3,40	3,32	5,17	4,56	3,6
triticale	3,16	2,43	2,54	3,82	3,18	0,6
rye	2,53	1,76	2,02	2,81	1,96	–22,5
barley	3,83	2,52	2,95	4,42	3,60	–6,0
spring cereals	2,87	2,45	3,03	3,27	3,22	12,2
wheat	3,41	3,06	3,47	3,89	3,71	8,8
barley	3,03	2,36	3,01	3,38	3,27	7,9
triticale	2,73	2,11	2,41	2,91	2,88	5,5
oat	2,23	1,62	2,04	2,31	2,24	0,4
buckwheat	0,67	0,73	0,96	0,90	0,93	38,8
mixed cereals	2,01	1,76	1,98	2,25	2,28	13,4
grain maize	4,33	6,68	7,48	6,10	7,37	70,2
other cereals	0,55	1,42	1,81	2,56	1,60	2,9*
dried pulses grain	1,80	1,41	1,72	1,89	2,02	12,2

* Times.

Source: Data of Statistics Lithuania.

The yield of cereals in Lithuania in 2013, as compared to 2012, reduced by 8.1%. The decrease of rye yield was most significant – by 30.2% and barley by 18.6%,

Even though in 2012 the national producers of cereals reached the highest yield of grain within the period of 2009–2013, it, however, has not reached the average in the EU countries. For example, the average yield of wheat in Lithuania over the period of 2008–2012 was 3.8 t/ha and in the EU 5.4 t/ha. One of the reasons, conditioning not so high level of the yield, is the relatively low use of certified seed.

With the areas under grain crops increasing constantly from 2010, their yield, however, within the reference period got changed unevenly: as compared to the previous years, decreased in 2010 and 2013. In Lithuania, in 2013, the harvest of grain

amounted to 4550.0 thou. t or by 658 thou. t (16.9%) more than in 2009, but by 187 thou. t (3.9%) less than in 2012 (Table 2.8).

Table 2.8. Average harvest of grain crops in 2009–2013, thousand tonnes

Kind of grain crops	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Grain crops	3892	2867	3304	4737	4550	16,9
cereals	3806	2797	3226	4657	4459	17,2
winter cereals	2440	1592	1192	2810	2623	7,5
wheat	1749	1250	912	2257	2119	21,1
triticale	394	218	187	370	385	–2,3
rye	208	87	85	155	94	–54,7
barley	89	37	8	28	25	–71,5
spring cereals	1366	1204	2034	1847	1836	34,4
wheat	351	460	957	742	744	111,9
barley	770	513	752	714	656	–14,8
triticale	31	41	50	65	66	113,9
oat	143	94	128	164	163	13,9
buckwheat	15	14	26	31	28	88,0
mixed cereals	33	35	47	50	55	67,3
grain maize	24	47	72	79	121	5,0*
other cereals	0,1	1	1	2	1	13,0*
dried pulses grain	86	70	78	80	91	5,5

* Times.

Source: Data of Statistics Lithuania.

The harvest of cereals in 2013, as compared to 2012, dropped by 4.2%, even though the areas under crops got increased. Harvest decrease resulted from the yield which was lower by 4.4%.

In 2013, the harvest of winter crops was by 7.5% higher if compared to 2009. The distinct change of winter rye (decreased by 54.7%) and barley (decreased by 71.5%) within the reference period resulted from their record harvest in 2009. Over the above-mentioned period the area under winter rye dropped by 41.5%, winter barley by 69.3%. The harvest of spring cereals was by 34.4% higher due to the yield increase by 12.2% and the increased area under crops by 19.6%.

Grain procurement in Lithuania. In 2013, in Lithuania, the purchase of cereal grains from the farmers was by 12% higher than in 2012 (Table 2.9). Purchase of maize, Class I food wheat and food barley increased most substantially in 2013, as compared to 2012.

Table 2.9. Purchase of grains in 2009–2013, thousand tonnes

Kind of grain	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Total	2544	1916	1661	3092	3471	36,4
wheat	1717	1366	1195	2356	2209	28,7
food wheat, class I	635	613	497	686	970	52,8
food wheat, class II	700	256	195	852	794	13,4
feed wheat	382	497	503	818	433	13,3
rye	115	51	25	79	46	–60,0
food rye, class I	78	17	12	35	21	73,1
barley	439	372	320	337	357	–18,7
food barley	34	32	40	51	57	67,6
malt barley	60	68	56	72	74	23,3
feed barley	345	272	224	214	226	–34,5
oats	16	12	15	20	27	68,8
buckwheat	3	2	9	15	13	4,3*
triticale	252	110	73	249	248	–1,6
maize	2	3	11	26	47	23,5*

* Times.

Source: Data of Statistics Lithuania, AFMIS.

Grain procurement prices in 2013 were lower than in 2012, as the high prices in the past years have been conditioned by the grain shortage in the world. In 2013, the purchase prices decreased: for oat by 27%, triticale by 22% and maize by 19%. Nevertheless, in 2013, as compared to 2009, the average purchase price for grain was considerably higher (Table 2.10).

Table 2.10. Average purchase prices of grains in 2009–2013, LTL per tonne

Kind of grain	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Total	362	517	657	709	606	67,4
wheat	396	544	671	719	619	56,3
food wheat	400	559	711	733	619	54,8
rye	248	391	605	606	469	89,1
barley	317	446	617	691	614	93,7
malt barley	394	503	718	780	735	86,5
feed barley	305	433	597	674	594	94,8
oats	204	307	549	555	407	99,5
buckwheat	564	1753	1205	1026	922	63,5
triticale	269	471	557	648	503	87,0
maize	403	624	624	707	576	42,9

Source: Data of Statistics Lithuania, AFMIS.

In 2013, all the grain exporting countries yielded the rich harvest. With the increase in the grain supply, the purchase prices for grain on the world exchanges dropped by around 30%. The same price situation was also formed on the national market, i.e. purchase prices of the new harvest of 2013 went on decreasing.

Processing. In 2013, if compared to 2012, production of grain products has changed slightly. The national grain processing companies manufactured the higher amount of flour (11%), groats (10.3%), pastry and bakery confectionery (4%), and the lower amount of fresh bread (0.2%) (Table 2.11).

Table 2.11. Production of grain products in 2009–2013, thousand tonnes

Products	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Flour	269,0	296,9	334,1	327,9	365,1	35,7
Cereal groats	22,4	19,4	14,2	18,5	20,4	–8,9
Fresh bread	134,3	134,1	126,1	121,3	121,1	–9,8
rye bread	59,8	59,9	59,0	55,8	54,2	–9,4
other bread	74,5	74,2	67,1	65,5	66,9	–10,2
Pastry and confectionery	24,1	23,5	23,4	22,4	23,3	–3,3

Source: Data of Statistics Lithuania.

Average wholesale prices of the largest part of grain products were not unambiguous. In 2013, as compared to 2012, the wholesale prices for rye flour, wheat groats, and buckwheat groats have dropped, whereas wholesale prices for wheat flour, semolina, fresh bread, rye bread and confectionery were increasing (Table 2.12).

Table 2.12. Average wholesale prices of grain products in 2009–2013, LTL per ton

Products	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Wheat flour	937	970	1186	1101	1127	20,2
Rye flour	698	704	1014	966	902	29,2
Wheat groats	741	868	1282	1115	1074	45,0
Semolina	813	850	1319	1356	1408	73,2
Buckwheat groats	1775	2786	4178	2730	2168	22,1
Fresh bread	2992	2739	3055	3161	3214	7,4
rye bread	2886	2658	3010	3123	3302	14,4
other bread	3082	2806	3094	3193	3148	21,1
Confectionery	8300	7660	8164	8864	10091	21,6

Source: Data of Statistics Lithuania.

During the period under analysis, the retail prices for all grain products went on increasing, though tendencies for their change varied. In 2013, as compared to 2012, changes have been insignificant. Decrease in the price of buckwheat groats was most considerable (7.6%), though in comparison with 2009 it went up even by 69.9% (Table 2.13).

Table 2.13. Average retail prices of grain products in 2009–2013, LTL per kg

Products	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Wheat flour, best q.	2,37	2,37	2,60	2,47	2,48	4,8
Rye bread	4,41	4,39	4,89	5,02	4,99	13,2
White bread made from wheat flour	5,03	5,03	5,47	5,45	5,56	10,5
Buckwheat groats	3,47	5,26	9,04	6,37	5,88	69,6
Pasta*	2,30	2,35	2,43	2,43	2,44	6,1

* 500 g.

Source: Data of Statistics Lithuania.

Balance. In 2013, the resources of grain and grain products, as compared to 2012, were higher by 7.8% due to the larger grain stock amounts at the beginning of the year (Table 2.14). In the structure of consumption for domestic needs, the major part in the reference period belonged to the consumption of fodder (about 56%), the human consumption fund accounted for 19%, seed for around 12%, and industrial uses for about 10%

Table 2.14. Balances of grain and grain products in 2009–2013, thousand tonnes

Indicators	2009	2010	2011	2012	2013*	Change 2013 compared to 2009, %
Beginning stocks	1300,0	1272,5	866,1	1255,1	2035,6	56,6
Production	3892,3	2867,2	3303,9	4736,5	4550,1	16,9
Import	199,3	294,2	408,9	477,0	386,7	94,0
Total resources	5391,6	4433,9	4578,9	6468,6	6972,4	29,3
Export	2067,6	1708,6	1475,0	2438,3	2612,6	26,4
Domestic uses	2051,5	1859,2	1848,8	1994,7	1791,0	–12,7
seeds	230,6	221,4	229,2	240,4	251,0	8,8
animal fodder	1194,4	980,8	1036,1	1141,6	970,4	–18,8
losses	57,1	52,8	51,5	54,0	53,5	–6,3
industrial uses	178,8	242,7	179,2	203,9	174,1	2,6
human consumption	390,6	361,5	352,8	347,1	342,0	–12,4
Per capita consumption, kg	123	117	117	116	116	–6,0
Ending stocks	1272,5	866,1	1255,1	2035,6	2568,8	101,9
Self-sufficiency level, %	190	154	179	237	254	64,0**

* LIAE calculations.

** Percentage points.

Source: Agriculture in Lithuania 2012. Vilnius: Statistics Lithuania, 2013. ISSN 2029-3658.

Per capita consumption in 2013, as compared to 2009, was by about 6% lower. One of the reasons is the increased retail prices for grain products.

Foreign trade in grain and grain products. In 2013, in comparison with 2012, export in grain products increased by 21.8% (Table 2.15), and import dropped by 18.9% (Table 2.16). In 2013, if compared with 2012, their export to the EU countries decreased by 26.7% and in 2013 constituted 26.6% of the total export of cereal grains. Export of cereal grains to third countries also increased in 2013, and, as compared to 2012, went up by 60.2%. The main export markets of third countries were the Iran Islamic Republic (accounted for 49%) and Saudi Arabia (32.4%). The average export price to the Iran Islamic Republic, as compared to 2012, was by 17.3% lower and comprised 822.2 LTL/t, and the average price of export to Saudi Arabia dropped by 10.8% and amounted to 738.4 LTL/t. The main markets of Lithuania's export in the group of the EU countries in 2013 were Latvia (29.2%) and Sweden (23.5%). As compared to 2012, export of cereal grains to Latvia decreased by 19.6%, the average export price amounted to 725.8 LTL/t. Export to Sweden had a tendency towards increasing, i.e. went up by 45%, the average export price was 668 LTL/t.

Export of the products of the milling industry within the period of 2009–2013 had a tendency of increasing, and in 2013, as compared to 2009, it increased by 44.5% and, if compared to 2012, by 12%

Table 2.15. Exports of cereal grains and grain products in 2009–2013, thousand tonnes

Products	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Cereal grains	1778,8	1379,5	1094,9	2051,8	2498,5	40,5
of which:						
wheat	1275,6	1123,1	807,7	1680,3	1931,5	51,4
rye	118,2	20,8	26,6	81,3	30,0	–74,6
barley	189,0	154,0	204,3	101,6	278,4	47,3
Milling products	147,5	159,8	185,1	190,2	213,1	44,5
of which:						
wheat flour	11,3	15,3	9,8	11,1	16,8	48,8
rye flour	0,7	0,7	1,7	4,2	1,2	70,4
cereal groats	4,2	3,9	2,8	2,7	3,8	–10,0

Source: Data of Statistics Lithuania.

In 2013, as in the previous year, the largest portion of exports of cereal grains consisted of wheat. Exports of wheat were highest to third countries (84.2%). The average price for exported wheat amounted to 792.8 LTL/t. Most of rye was exported to the EU (84%), of which 23.3% to Denmark, as compared to 2012, 4.6 times more. In 2013, in comparison with 2012, export of rye to Finland went up by 41.6% and comprised 19.4% of the total export of rye to the EU.

83.1% of the total exports of the products of the milling industry consisted of exports to the EU. The main market of exports in 2013 was Poland, with 35.1% of the total products of the milling industry exported to the EU being shipped to this country. As compared to 2012, with the increase of exports of the milling products to the EU by 7.9%, their export to Poland went up by 53.1%

Imports of cereal grains in 2013 amounted to 291.4 thou. t. This is by 8.6 times less than exports. In 2013, cereals imported from third countries comprised 55.3%, from the EU – 44.7%. The largest portion of cereals was imported from the Ukraine (50%) and Latvia (22.8%). As compared to 2012, imports from the Ukraine increased by 96%, import price, as compared to 2012, augmented by 13.4% and amounted to 622.8 LTL/t. Imports from Latvia dropped by 30.9%, import price, as compared to 2012, reduced by 6.4%, and the average import price reached 758.2 LTL/t. Import of the milling products in 2013, as compared to 2012, went up by 9.6%

Table 2.16. Imports of cereal grains and grain products in 2009–2013, thousand tonnes

Products	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Cereal grains	92,3	172,7	275,4	359,4	291,4	3,2*
of which:						
wheat	39,5	95,3	64,1	160,4	49,1	24,3
rye	5,4	23,9	41,3	64,5	11,2	106,7
barley	6,0	8,8	68,1	34,5	55,9	9,3*
Milling products	48,9	50,0	64,8	53,7	58,8	20,3
of which:						
wheat flour	16,4	26,2	28,4	21,9	23,6	43,6
rye flour	13,3	3,2	4,9	10,3	13,1	–1,7
cereal groats	2,7	6,9	9,8	3,4	3,4	27,7

* Times.

Source: Data of Statistics Lithuania.

It is predicted that harvest of grains (the 2013/2014 harvest year) will go up to 1.9 billion t, and stocks to 361 million t. In the majority of the EU countries, the larger amounts of cereals were sown during the 2013 autumn sowing period for the 2014 harvest year than in the last season. It has been forecast that in 2014 the harvest of cereals in the EU should amount to 301.3 million t. This should be by 0.2% less than in 2013, though by 6% more than the average harvest. It is predicted that harvest in Lithuania would remain the same as in 2012 and 2013. The rich harvest of the last year in the world contributed to the significant fall of grain prices. Under favourable forecasts for global grain harvest, it is possible to expect the gradual continuation in the fall in grain prices on the market.

3.2. Milk

The milk procurement prices in 2013 were favourable for the development of the dairy sector. The average annual milk procurement price reached the record level of all the times and was ahead not only of the milk purchase price in Romania, as in the previous years, but also the milk purchase price in Latvia, and in some autumn–winter months – even the level of milk purchase prices in 9 EU countries. The volumes of milk procurement in 2013, however, have not reached the level of 2012, though exceeded the volumes of the year 2009. The milk purchase price that decreased noticeably in 2012 and the milk production profitability which was below the average profitability of agricultural production encouraged the milk producers to reduce the herd of dairy cows. Until the herd, when the milk purchase prices augmented, was being recreated in 2013, milk procurement just in the last months started exceeding the level of the corresponding months in 2012.

Lithuanian milk processors further tackled the problem of raw milk shortage by increasing imports of raw milk. The still higher part of produced milk was exported. Meanwhile, since 2012 the sales went on reducing on the domestic market. The still larger part of dairy products sold on the Lithuanian dairy product market consisted of imported products. This occurs not only due to the increasing volume of import of dairy products, but also because of the sales of Lithuanian milk processing companies that started reducing on the domestic market in 2012–2013.

Milk production and purchase. In 2013, milk yield amounted to 1742 thou. t, of which 77% was purchased for processing (Table 2.17). In comparison with 2012, milk production in 2013 dropped by 2%, and, as compared to 2009, went down by 2.7%. Milk purchase during 2013 decreased by 1.5%, whereas within the five years increased by 5.1%. The global economic crisis had a big impact on milk production and purchase volumes. Until 2013 inclusive, neither milk production nor milk purchase has attained the pre-crisis level of the year 2008.

Table 2.17. Milk production and purchase in 2009–2013, thousand tonnes

Indicators	2009	2010	2011	2012	2013	2013 compared to 2009, %
Milk production	1791,0	1736,5	1786,4	1778,1	1742,0	97
Milk purchase						
natural fatness	1274,2	1278,3	1317,4	1359,9	1339,3*	105
basic fatness**	1534,3	1540,4	1587,6	1638,0	1611,4	105

* 4,15 % *milk fat*, 3,26 % *protein.*

** 3,4 % m*ilk fat*, 3,0 % *protein.*

Sources: Agriculture in Lithuania 2012. Vilnius: Statistics Lithuania, 2013. ISSN 2029-3658.
Agricultural and Food Market Information System. Milk Sector, Domestic market. – AIRBC, [2014-04-24]. <http://www.vic.lt/?mid=348&limit=20&offset=0>.

Nearly all the milk yield is received from dairy cows. Goat milk in 2012 just accounted for 0.2% of the total produced milk, and since 2009 this part has not almost changed. However, by physical weight the yield of goat milk in 2012 was by 12% less than in 2009.

Over 80% of milk is produced in farmers' farms and family farms, though the relative weight of agricultural companies and enterprises has been increasing at a slow pace. In 2009, the latter produced 15.8% of milk and in 2012 – 17.7%.

The balance of trade in raw milk in Lithuania is negative, and the gap between imports and exports has been still more increasing, as the milk processing companies are lacking raw milk purchased in Lithuania. In 2009, raw milk imports excelled exports by 157.2 thou. t, and in 2013 increased by 307.1 thou. t. Imports of raw milk in 2013 reached 399.8 thou. t and as compared to 2012 increased by 5.1%, and as compared to 2009 by 2.4 times. The key import countries remained traditional – Latvia (62% of the imported milk) and Estonia (37%), some more milk was shipped from Germany, Poland, and Russia. The average price for the imported raw milk in 2013 was 1214 LTL/t. During 2013 raw milk exports amounted to 92.7 thou. t. In comparison with 2012 raw milk exports increased by 17.7%. Over 97% of raw milk was exported to Poland, 2% to Estonia, and 1% to Latvia. The average exported raw milk price was 1352 LTL/t. In comparison with 2009, the amount of raw milk exported in 2013 was 8.9 times higher.

In 2009 – 94.7% and in 2012 – 96.4% of the total purchased milk satisfied the EU veterinary and hygiene requirements. The average fatness of the purchased milk both in 2009 and 2013 was 4.16%, and protein content was 3.26% (in 2009) and 3.25% (in 2013).

The milk purchase price within the reference period had a tendency towards increasing, except for the year 2012, and in 2013 reached the record of all times. In 2013, 1093 LTL/t was paid for natural milk, and for milk of basic indicators– 908 LTL/t (Fig. 2.13). As compared to 2009, the milk purchase price increased by 77%.

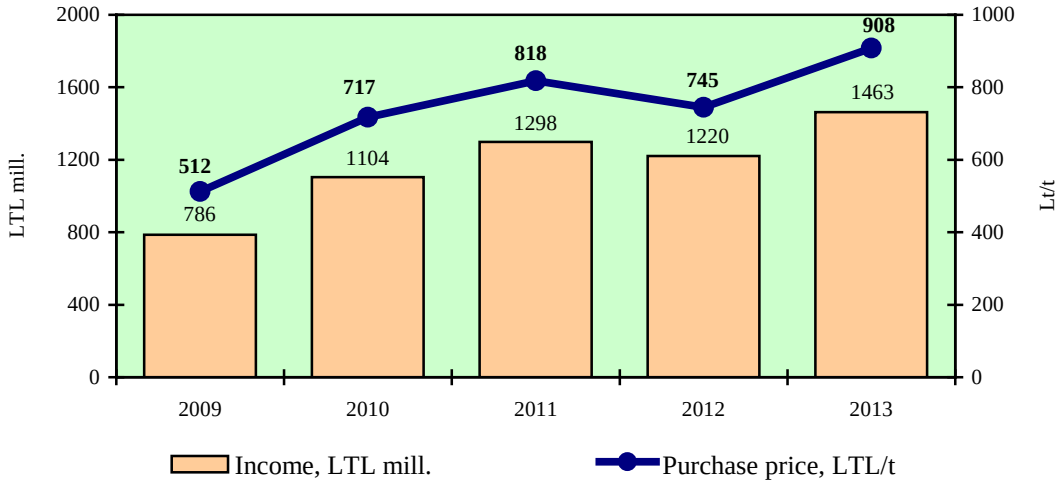


Fig. 2.13. Purchase price and income from sales of milk of basic indicators in 2009–2013

Sources: Agriculture in Lithuania 2012. Vilnius: Statistics Lithuania, 2013. ISSN 2029-3658.
Agricultural and Food Market Information System. Milk Sector, Domestic market. – AIRBC, [2014-04-25]. <http://www.vic.lt/?mid=348&id=11599>.

Similar tendencies of variation in milk purchase prices were alike in other EU countries, whereas the range of their fluctuations in Lithuania was more abrupt and more profound. In 2010, the annual average milk purchase price in Lithuania jumped up from the lowest position in the EU and was higher than in Romania. In 2013, Latvia was left behind (Fig. 2.14), even though in some autumn–winter months the milk purchase price in Lithuania was ahead of the purchase prices in other nine EU countries.

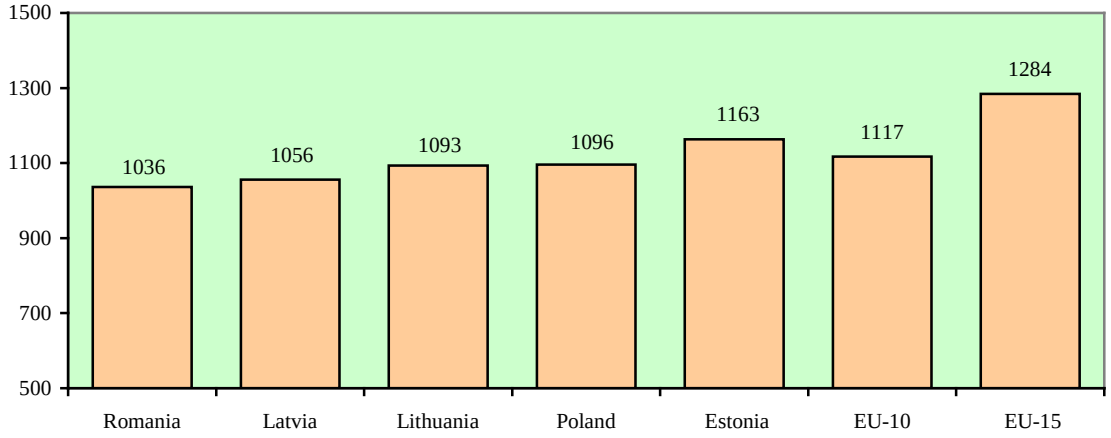


Fig. 2.14. Milk (natural fatness) purchase price in Lithuania and selected other EU countries in 2013, LTL per tonne

Source: EU milk prices – GD Agri. DairyCo, [2014-05-26]. <http://www.dairyco.org.uk/resources-library/market-information/milk-prices-contracts/eu-milk-prices-dgagri/#.U1n3jbfNsdU>.

The average Lithuanian dairy farm is among the smallest in the EU countries. In 2010, the number of dairy cows per farm was 4.1, making 30% of the average in the EU. Smaller average dairy farms were only in Romania (1.8 cows) and in Bulgaria (3.9 cows). Milk production farms, however, are becoming larger in Lithuania. In 2013, as compared to 2009, the average dairy farm increased by 33% to 4.8 cows.

The process of enlargement of an average dairy farm takes place to a great extent alongside with the decline of small farms. From 2009 to the end of 2013 the number of farmers keeping 1–2 cows reduced by 31378, or by 41%, those keeping 3–9 cows decreased by 19%, 10–19 cows by 15%, and 20–29 by 2.4%. Simultaneously, the number of farms with 30 and more cows increased by 109, or by 7.9%, and the number of cows kept here by 10.4% (Table 2.18). In Lithuania small-scale dairy farms are still prevalent. Just 8% of the national milk producers are keeping 10 and more cows.

Due to the dominating position of small farms in the country, the average productivity per cow is considerably lower than the average in the EU. In 2011, it reached 5026 kg of milk, or 75% of the EU average. The productivity of cows, however, within the reference period, has been increasing: in 2012, as compared to 2009, the milk yield per cow increased by 8.6% and reached 5227 kg. The average milk yield of cows under control during the control period of 2012–2013 reached 6766 kg – by 0.9% more than in 2011–2012 and by 10.6% more than in 2008–2009. During the control period of 2012–2013, 44% of all dairy cows were under control in the country.

Table 2.18. Dairy farms by number of cows in 2009 and 2013 (at the end of the year)

Number of cows per farm	2009		2013	
	number of farms	number of cows, thou.	number of farms	number of cows, thou.
1–2	76392	94,1	45014	56,8
3–9	17598	80,9	14250	65,7
10–19	3119	41,6	2642	35,8
20–29	1028	24,5	1003	23,9
30–49	739	27,6	781	29,7
50–99	421	28,1	457	31,0
>=100	213	60,4	244	67,5
Total	99510	357,1	64391	310,4
Average		3,6		4,8

Sources: AIRBC [2014-04-29]. <http://www.vic.lt/uploads/file/07_ukiu140101_pagal_gyvus_karvs21.pdf>; <http://www.vic.lt/uploads/file/08_ukiu140101_pgl_gy_kar22.pdf >; <http://www.vic.lt/uploads/file/16_07_ukiu100101_pagal_gyvus_karvs21.pdf>; <http://www.vic.lt/uploads/file/16_08_ukiu100101_pgl_gy_kar22.pdf>.

From 2009 to the end of 2013 the number of dairy cows decreased by 58.9 thousand (Fig. 2.15). Their number was consistently decreasing throughout the whole reference period. In 2013, as compared to 2012, the number of cows reduced by 4.6%. The most significant annual decrease rate in the number of cows within the reference period was the year 2012 (11%), when the milk purchase price has dropped.

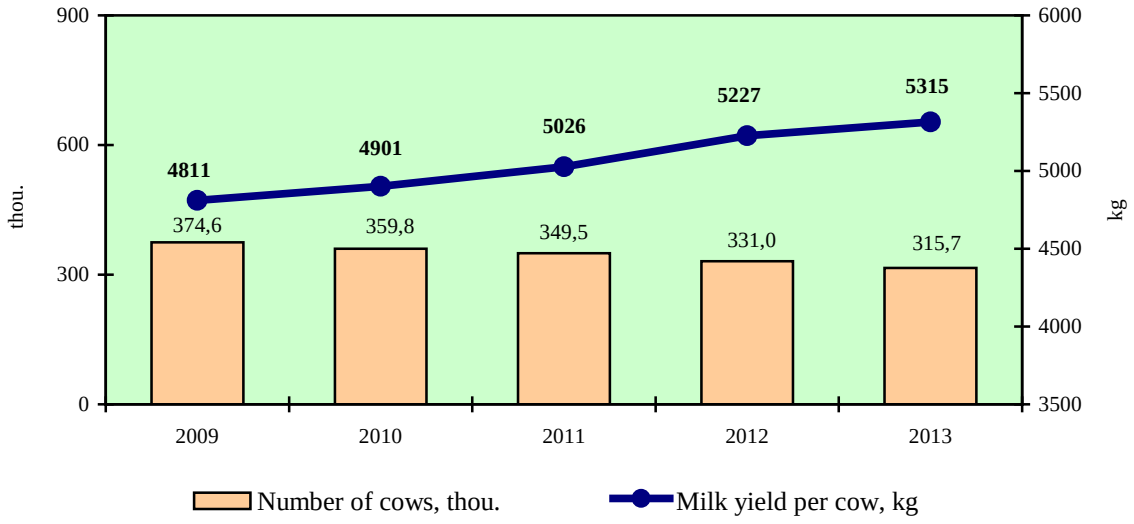


Fig. 2.15. Number of cows and milk yield per cow in 2009–2013 (at the end of the year)

Source: Agriculture in Lithuania 2012. Vilnius: Statistics Lithuania, 2013. ISSN 2029-3658.

Manufacturing of dairy products. The dominant position in the milk processing sector of Lithuania belongs to the four groups of milk processing companies: Rokiškio sūris AB, Pieno žvaigždės AB, Žemaitijos pienas AB, and Vilkyškių pieninė AB. These groups of companies in 2013, as in 2012, raised about 78% of the total income from sales in the milk processing sector. The said groups of companies are also the main exporters of dairy products. Other milk processing companies and their groups are smaller. Some of them, however, are also exporting the major part of their output.

All Lithuanian milk processing companies and their subsidiaries have implemented the EU sanitary and hygiene requirements for food production and are entitled to export their products to the EU Member States. 16 milk processing companies and their subsidiaries have licences for exporting their products to Russia, and 9 – to Belarus.

The notably decreased global demand in dairy products in 2008 and 2009 conditioned the reduction in the sales and export volumes of the milk processing companies. In 2010–2013, with the global economies reviving after the global crisis, conditions were created for an increase of dairy product sales (Table 2.19). In 2013, as compared to 2012, sales of dairy products with vegetable oils (including ice-cream, lactose and casein) increased by 8.2%, and compared to 2009 – by 51%. Export within the above-mentioned 5-year period increased by 75%, and its part against the whole sales by 8 percentage points.

Table 2.19. Key indicators of the milk processing industry in 2009–2013

Indicators	2009	2010	2011	2012	2013
Number of milk processing enterprises & subsidiaries	32	31	31	31	32
Sales of dairy products, LTL mill.	2150,5	2345,7	2941,2	2997,7	3244,5
share in total production of foodstuffs, %	30	31	33	30	31
Export income, LTL mill.	1068,0	1169,9	1502,9	1582,2	1868,0
share in total income from sales, %	50	50	51	53	58

Sources: Production of commodities 2009–2013. Vilnius: Statistics Lithuania. ISSN 1648-5777;
Data of Statistics Lithuania.[2014-05-30]. <http://osp.stat.gov.lt/analysis-portlet/print-servlet>;
State Food and Veterinary Service [2014-23-24]. <http://vetlt1.vet.lt/vepras/>.

The key area in the specialization of the dairy industry in Lithuania is the production of cheeses. These products also dominate in the structure of exports. The most substantial part of dairy products within the period of 2009–2013 has increased, though not always evenly. Just the production of butter and dry milk and whey products in none of the years within the above mentioned period has not reached the 2009 production level. In 2013, in comparison with 2009, most significantly increased the production of ice-cream (39%), and not-processed cheeses and yogurt (37% each). The most considerable decline was noted in the production of canned dairy products – 37% (Table 2.20).

Table 2.20. Production of main dairy products in 2009–2013, thousand tonnes

Products	2009	2010	2011	2012	2013	2013 compared to 2009, %
Drinking milk	99,5	94,0	102,6	100,3	101,6	102
Sour milk, kefir	34,8	35,7	33,9	35,3	37,1	107
Yoghurt	14,4	14,4	14,6	16,6	19,7	137
Sour cream & mixes	28,6	27,8	28,3	29,1	27,9	98
Curd	23,5	24,4	26,5	28,2	27,4	116
Butter and other milk fats	12,0	8,5	8,7	10,6	11,5	96
Fresh cheese	34,8	24,0	24,8	40,1	35,3	101
Unprocessed cheese	37,6	43,9	46,8	49,3	51,4	137
Dried milk and whey products	41,4	36,6	39,2	39,0	40,2	97
Ice cream, mill. l	21,1	24,5	18,1	23,8	29,3	139
Canned dairy products	21,0	25,0	21,5	22,8	13,3	63

Sources: Production of commodities 2009–2013. Vilnius: Statistics Lithuania. ISSN 1648-5777; Quarterly Review of Lithuanian Economy 2013 Quarter 4. Vilnius: Statistics Lithuania. ISSN 2029-3755. [2014-05-16]. http://osp.stat.gov.lt/statistikos-leidiniu-katalogas>.

Domestic market in dairy products. Consumption of milk and dairy products in milk equivalent per capita in Lithuania during the period of 2009–2012 decreased by 0.7%. This decrease was most of all conditioned by the reduced consumption of own-produced dairy products in the farms and lower amount of directly sold products, since the consumption of certain dairy products, manufactured industrially in 2013, as compared to 2009, went up by 15–27% and only butter consumption has not increased (Table 2.21). Within the said period, retail prices for dairy products increased by 21–82%, and net wages in 2013 were just by 7.9% higher than in 2009. Thus the purchasing power of the average monthly net wages in 2013, as compared to 2009, dropped by 11–41% by separate dairy products.

The major part of dairy products sold on the domestic market is manufactured in Lithuania. Nevertheless, the share of imports has a tendency towards increasing. In 2009, the imported dairy products accounted for 13% of the total dairy products sold on the Lithuanian market (excluding raw milk imports), and in 2013 – 23%. Cheese, fermented and acidified dairy products, and ice-cream are dominating in the structure of imports of dairy products. In 2013, the amount of imported dairy products (including ice-cream, lactose and casein, with raw milk excluded) totalled LTL 408 million, or by 62% more than in 2009. With the increase of sales of imported dairy products, the volumes of products sold by Lithuanian manufacturers of dairy products on the domestic market, which have increased until 2011, in the period of 2012–2013, as compared to the previous years, already went on decreasing: in 2012 by 1.6%, and in 2013 by 2.8%. The total market of dairy products constituted LTL 1.6 billion in 2013, and also including products with vegetable fats – LTL 1.8 billion (by 44% more than in 2009). As compared to 2009, it increased by 44%.

Table 2.21. Changes in consumption of milk and dairy products and factors influencing consumption in 2009–2013

Products	2009	2010	2011	2012	2013	2013 compared to 2009, %
Per capita consumption of milk and dairy product[1], kg						
Milk and dairy products (in milk equivalent)	305	278	302	303	n.a.	
Cheese[2]	16,1	16,4	17,0	18,7	20,4	127
Butter[2]	3,9	3,6	3,7	4,3	3,9	100
Sour milk products[2]	26,4	27,5	28,7	29,5	31,1	118
Drinking milk[2]	28,2	29,5	30,1	31,5	32,5	115
Purchasing power of average net wages and salaries per month						
Butter, kg	93	78	81	71	72	77
Sour cream, 20–30 % fat content, kg	299	276	253	176	177	59
Curd, 5–9% fat content, kg	153	148	130	133	132	86
Milk, 2,5% fat content, l	778	773	658	658	694	89
Average retail price of milk and dairy products, Lt/kg						
Butter	17,26	19,91	19,62	23,35	24,05	139
Milk, 2,5% fat content, LTL/l	2,06	2,01	2,42	2,51	2,49	121
Sour cream, 20–30 % fat content	5,35	5,63	6,29	9,40	9,76	182
Curd, 5–9% fat content	10,50	10,53	12,25	12,44	13,05	124

[1] Statistical indicators have been revised using population figures recalculated on the basis of the results of the 2011 Population and Housing Census of the Republic of Lithuania.

[2] Own-produced and consumed products and direct sales excluded.

Sources: Production of Commodities 2009–2013. Vilnius: Statistics Lithuania. ISSN 1648-5777;
Economic and Social Development in Lithuania, Latvia and Estonia 2009–2013. Vilnius: Statistics Lithuania. ISSN 2029-5936;
Agriculture in Lithuania 2012. Vilnius: Statistics Lithuania, 2013. ISSN 2029-3658;
Main Indicators of Economic and Social Development. Data of Statistics Lithuania [2014-05-19]. <http://web.stat.gov.lt/lt/pages/view/?id=2621.

Wholesale prices for dairy products sold by Lithuanian producers on the domestic market from the beginning of 2009 to September decreased, and further went up to the end of 2013, somewhat decreasing only in April–September 2012. In December 2013, as compared to December 2008, wholesale prices of dairy products sold by Lithuanian producers on the domestic market have increased by 17.5% and were highest within the reference period.

Export of milk and dairy products. Balance of the Lithuanian foreign trade in milk and dairy products in 2009–2013 was positive: in 2009 exports surpassed imports by LTL 878.2 million, and in 2013 – by LTL 1240.8 million. The growth rate of imports, however, excelled exports: within the period of 2009–2013 imports increased 3.2 times, exports by 85%, though in 2013, as compared to 2012, imports went up by 29%, and exports by 10%.

Exports of milk and dairy products, in spite of fluctuations in prices and administration hindrances on the part of one of the most important export countries – Russia, went on increasing within the reference period. In 2013, exports of milk and dairy products (including ice-cream, lactose and casein) amounted to LTL 2134.2 million. Cheese and curd accounted for 44% of the total exports. Another 16% of exports of dairy products consisted of not concentrated cream, 11% – milk powder. A similar situation was also observed in the previous reference years. In 2013, compared to 2009, export of almost all dairy products was increasing; most of all fermented and acidified milk products (4.6 times, of which yogurt – even 14.9 times) and milk sugar (almost 4 times). Only exports of condensed milk without sugar and whole milk powder decreased, the structure of exported cheese got changed: still higher relative weight was comprised of fresh cheeses (Table 2.22).

Table 2.22. Exports of dairy products in 2009–2013, LTL million

CN code	Products	2009	2010	2011	2012	2013	2013 compared to 2009, %
0401	Milk & cream, not concentrated	177,5	291,3	416,2	360,6	493,2	278
0402	Milk & cream, concentrated	163,4	256,2	208,6	289,3	283,4	173
040210	Skimmed milk powder	66,5	151,2	136,2	202,0	229,1	345
040221	Whole milk powder	30,7	28,9	10,5	24,9	8,5	28
040291	Condensed milk without sugar	25,1	42,4	22,4	21,5	4,2	17
040299	Condensed milk with sugar	40,4	33,4	39,3	40,7	41,1	102
0403	Fermented or acidified milk & cream	15,2	16,6	36,8	52,9	70,1	461
040310	Yogurt	2,3	2,7	13,2	24,7	34,2	1487
0404	Whey & products consisting of natural milk constituents	61,0	83,2	95,2	115,4	148,3	243
0405	Butter & other fats & oils derived from milk, dairy spreads	39,8	33,5	36,9	58,7	83,2	209
0406	Curd & cheese	647,9	716,0	813,4	954,0	934,5	144
040610	Fresh cheese & curd	252,9	293,7	333,1	436,4	427,1	169
040690	Other cheese	391,5	416,6	467,9	501,9	487,8	125
210500	Ice cream	34,4	42,3	46,3	54,7	74,0	215
350110	Casein	3,2	0,03	0,3	0,0	0,0	...
170211-19	Milk sugar	12,0	18,1	44,2	53,8	47,4	395

Source: Data of Statistics Lithuania.

The main countries for exports of dairy products were the EU countries and Russia. In 2013, 63% of milk and dairy products were exported to the EU countries, 27% to Russia, and 10% to all other countries (Fig. 2.16). In 2009, exports comprised 64%, 30% and 6%, respectively.

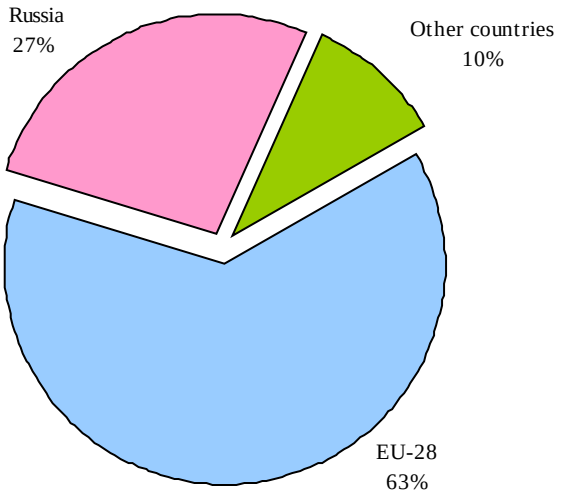


Fig. 2.16. Structure of dairy products export by country group in 2013

Source: Data of Statistics Lithuania.

Prices for exported dairy products in December 2013, as compared to December 2008, increased by 68%. Price variation tendencies during the reference period were similar to those on the domestic market; just the price jumps or falls were much considerable. In 2010 and 2013, dairy product export prices were increasing especially rapidly, and in 2012 were subject to considerable fluctuations: in the first half of the year decreased by 9%, and in the second half of the year increased by 17%.

Market regulation measures. In Lithuania, like in the entire EU, common market organizational measures for milk and dairy products as well as milk production quota system are operating.

In 2004, the total amount of national milk production quota of 1647 thou. t was approved for Lithuania: 1280 thou. t of sales for processing and 367 thou. t for direct consumption. Since the quota period of 2006/2007 (the quota year starts on 1 April and continues until 31 March of the following year) it has been increased by 57.9 thou. t, from the quota year of 2008/2009 by 2% – up to 1739 thou. t, and each subsequent year being increased by 1%. The granted quota is sufficient and does not restrict the commercial milk production (Table 2.23).

Table 2.23. Fulfilment of national milk production quota in 2008–2014, per cent

Quota year	Quota for processing	Quota for direct consumption
2008/2009	84	56
2009/2010	75	61
2010/2011	77	58
2011/2012	79	54
2012/2013	79	51
2013-2014	78	

Source: National Paying Agency, [2014-05-16]. <http://www.nma.lt/index.php/parama/kvotos/pieno-kvotos/statistika/1498>.

Additional decoupled national direct payments for the quota milk sold in 2008/2009 quota year amounted to LTL 118.8 million. In 2009/2010 quota year, LTL 117.4 million of direct payments for the sold quota milk was paid, and EU payments to milk producers who suffered from the dairy sector crisis amounted to LTL 10.6 million. In 2010/2011 quota year LTL 93.4 million of decoupled national direct payments for the quota milk was allocated and paid to milk producers, in 2011/2012 – LTL 91.65 million and in 2012/2013 quota year – about LTL 40.7 million.

Of the Single Market organizational measures in the period of 2009–2013 the major support for milk and dairy products was used in the crisis affected year 2009, since the said measures are intended to support the dairy sector upon the emergence of difficulties. Here export refund payments and intervention purchases have been used most widely. Even though since July 2007 the EU refund payments for export to third countries have been withdrawn, in 2009 their payment was resumed and dairy product exporters were paid LTL 17.55 million of export compensations, of which to Lithuanian companies – LTL 13.95 million. In 2010, just LTL 3.4 million of export compensations was paid, as due to the increased prices compensations were withdrawn again. In 2011, LTL 0.05 million of export compensations was paid, and in 2012–2013 no compensations were paid.

In 2009 the milk processing companies for the first time took advantage of the measure for butter and skimmed milk powder intervention purchases as prices for dairy products on the foreign market have dropped considerably. Until then intervention purchases have not been performed, since none of milk processing companies was willing to sell their production to intervention warehouses. Purchases to intervention warehouses consisted of 1.84 thou. t of butter and 10.34 thou. t of skimmed milk powder. In 2010 – 12.18 thou. t of intervention dairy products, and in 2011 – 6.0 thou. t.

In 2009, support for private butter storage was also used. Private storage of 21 t of butter was granted support.

Economic indicators. Over the period of 2009–2012 milk production at specialized dairy farmers' farms was profitable; however, if not for the subsidies, losses would have been suffered. Pursuant to the FADN data of the respondent farms, the profitability (net profit and subsidies per LTL 1 of sales income) at farmers' farms, the main revenue thereof was income derived from milk, totalled 48% in 2009, and subsidies exclusive – 27% of losses. In 2012, the profitability dropped to 26%, subsidies inclusive, and without subsidies 22% of losses was suffered.

Milk production at agricultural companies and enterprises was profitable, except for the year 2009, when losses suffered amounted to 0.4% (Fig. 2.17). Milk production in agricultural companies and enterprises is among the more profitable branches of the economy. The gap from the average profitability of agricultural production sales in 2011 reached even 14.7 percentage points. Nevertheless, in 2012, for the first time from the year 2000, the average agricultural production profitability has overrun the milk production profitability by 2.6 percentage points.

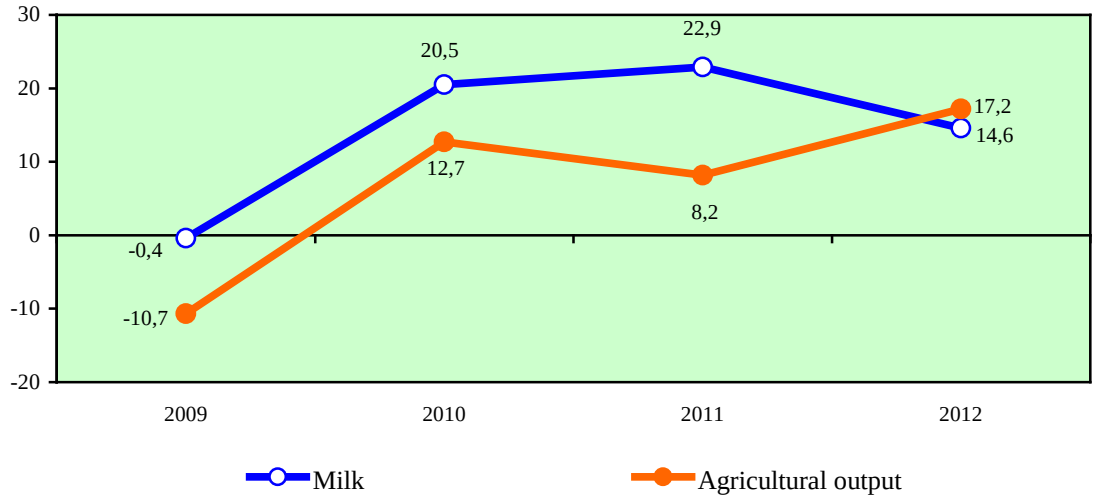


Fig. 2.17. Profitability (without subsidies) of milk and total agricultural output in agricultural companies and enterprises in 2009–2012, per cent

Sources: Official statistical forms of agricultural companies and other agricultural enterprises 2009–2012. – *AIRBC [2014-05-21].* <*http://www.vic.lt/?mid=533*>.

Fluctuations in milk purchase prices had the major impact on the profitability of milk production in 2009–2012. In 2009, after the apparent decline in the purchase price the milk production has become unprofitable. The same reason determined the decrease in the milk production profitability in 2012. The average cost price of sold milk production in agricultural companies and enterprises in 2009 amounted to 643 LTL/t, if calculated by reckonable weight, and in 2012 increased to 755 LTL/t, i.e. by 17%. The cost price of liquid milk in 2012, as compared to 2009, due to the changed milk composition indicators, increased somewhat less – by 14%.

The operation of the four major groups of Lithuanian milk processing enterprises, enrolled in the lists of the Vilnius Stock Exchange, was profitable over the period of 2009–2013 (Table 2.24). In 2013 the profitability reached 3.1%.

Table 2.24. Net profitability of major dairy enterprises in 2009–2013, per cent

Indicator	2009	2010	2011	2012	2013
Net profitability	2,6	4,0	3,1	3,9	3,1

Source: NASDAQ OMX, [2014-04-24]. <*http://www.nasdaqomxbaltic.com/market/?pg=reports*>.

In 2009, the profitability of the processing enterprises was increased by the resumed payment of export compensations, in the period of 2010–2011 by the rise of global milk production prices. In 2013, the profitability was under a certain influence of the banned milk product export to Russia at the end of the year.

3.3. Meat

Meat products are an important part of the balanced diet, which takes an important place in the Lithuanian meal allowance. In 2011 the annual consumption of meat and meat products per capita in Lithuania amounted to 74 kg. In terms of healthy diet this amount already exceeds the recommended norms (90 g of meat per day), though the Lithuanians have been consuming much more meat since of old. The higher consumption was also stimulated by the traditions to breed animals, the Lithuanian climate being acceptable to them. The number of animals kept in the ninth decade of the last century was thrice as much as at present. The number of animals has been decreasing, though their sourcing remains rather high. The exception is the pig-breeding sector, which is not able to satisfy the national consumer needs.

Livestock-breeding. Over the period of 2009–2013, the number of cattle, dairy cows, and pigs went on decreasing, whereas the number of poultry and sheep got increased (Table 2.25).

Table 2.25. Number of livestock and poultry in 2009–2013 (at the end of the year), thousand

Kind of animals	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Cattle	759,4	748,0	752,4	729,2	713,6	–6,0
of which dairy cows	374,6	359,8	349,5	331,0	316,7	–15,5
Pigs	928,2	929,4	790,3	807,5	754,6	–18,7
Poultry	9308,7	9466,3	8921,2	9085,6	9761,6	4,9
Sheep	52,5	58,5	60,4	82,8	99,6	89,7

Source: Data of Statistics Lithuania.

Cattle. According to the AIRBC data, at the end of the year 2013 cattle was raised in 75.2 thousand farms, i.e. almost by one-third less than five years ago (Table 2.26). The average size of a farm is still very small. On the average, 8.5 head of cattle were raised per farm in Lithuania, and in the EU countries – 34. The smaller farms are just in Romania and Bulgaria. The largest number of cattle is raised by Šilalė, Alytus, Kelmė and Raseiniai farmers.

In Lithuania within the period of 2009–2013, the number of farms where up to 30 head of cattle are kept decreased by one third. The average size per farm (9.4 head) is by 1.5 times higher than in 2009.

Table 2.26. Farms by number of cattle in 2009 and 2013 (at the end of the year), thousand

Number of cattle per farm, heads	2009		2013	
	number of farms	number of cattle	number of farms	number of cattle
1–2	70,0	94,0	37,4	52,5
3–5	22,8	84,0	17,6	65,8
6–10	9,9	74,4	9,2	69,9
11–20	5,6	81,2	5,3	76,6
21–30	1,8	45,4	1,9	46,2
31–50	1,5	58,0	1,6	64,3
51–100	1,1	73,6	1,3	90,8
101–150	0,3	34,9	0,4	47,0
≥151	0,3	150,1	0,5	197,1
Total	113,3	695,6	75,2	710,3
Average		6,1		9,4

Source: AIRBC data.

Within the period of 2009–2013, the number of pedigree meat cattle increased by more than twice. At end of 2013, in Lithuania 19.9 thousand head of pedigree meat cattle and 103.6 thousand head of cross-bred cattle breeds were raised. Of pedigree cattle, most popular are Limousine, Charolais and Aubrac breeds. Cross-bred cattle breeds, however, are most numerous. The largest number of meat cattle is raised by Šilalė, Alytus, Šilutė and Kelmė farmers.

Pigs. By the end of 2013 in Lithuania 754.6 thousand of pigs were raised, of which pedigree sows accounted for 48.5 thousand (Table 2.27). In 2013, pig breeders raised about 1.4 million of pigs, of which 345 thousand were exported and 1050 thousand were slaughtered. Within the period of 2009–2013, the number of pigs decreased by 18.7%. The major pig breeders are agricultural companies and enterprises in Panevėžys, Kelmė, Jurbarkas and Radviliškis districts.

Table 2.27. Number of pigs by group in 2009 and 2013 (at the end of the year), thousand

Group of pigs	2009	2013	Change 2013 compared to 2009, %
Pigs, total	928,2	754,6	–18,7
piglets up to 20 kg	229,0	126,9	–44,6
piglets 20–50 kg	202,2	208,0	2,9
fattening pigs 50–80 kg	204,4	187,5	–8,3
fattening pigs 80–110 kg	152,9	119,4	–11,9
fattening pigs over 110 kg	55,0	53,0	–3,6
pedigree sows	67,9	48,5	–28,6
boars	1,3	0,8	–38,5

Source: Data of Statistics Lithuania.

Sheep. According to the AIRBC data, by the end of 2013, 100 thousand of sheep were raised in 7.4 thousand farms Over the period of 2009–2013, the number of sheep doubled (Table 2.28). This growth was encouraged by a new procedure of direct payments for grasslands on infertile soils where animals should be raised in order to receive those payments.

Table 2.28. Farms by number of sheep in 2009 and 2013 (at the end of the year)

Number of sheep per farm	2009		2013	
	farms	sheep	farms	sheep
1–2	1782	2569	2061	3112
3–5	993	3726	1819	7084
6–10	532	4004	1384	10643
11–20	352	5198	1064	15551
21–30	152	3766	435	10893
31–50	151	5788	310	11846
51–100	96	6516	192	13221
101–150	24	3058	54	6551
≥151	38	18336	46	21281
Total	4120	52961	7365	100182
Average		13		14

Source: AIRBC data.

During 2012 the number of slaughtered sheep amounted to about 27 thousand, that of lambs to 8 thousand and goats to 15 thousand. The major number of sheep and goats are raised by farmers in Anykščiai, Molėtai, Alytus and Ignalina districts.

Poultry. According to the data of the Department of Statistics, by the end of 2013 the number of poultry raised in Lithuania amounted to 9.8 million (Table 2.29). Hens accounted for 98.6% of poultry. Laying hens comprise one third of the total number of hens. Within the 5-year period the number of hens increased by 8.8%, and the number of laying hens dropped by 15.8%. The number of turkeys and geese decreased most of all.

Table 2.29. Number of poultry in 2009 and 2013, thousand

Poultry	2009	2013	Change 2013 compared to 2009, %
Hens, total	8840,9	9620,8	8,8
Laying hens	3659,1	3079,2	–15,8
Geese	32,5	11,4	–65,0
Ducks	33,5	35,5	6,0
Turkeys	194,0	85,7	–55,8
Other	6,5	8,2	26,2
Total	9107,5	9761,6	7,2

Source: Data of Statistics Lithuania.

Meat production. By preliminary data, animal and poultry carcass meat produced in 2013 in all farms amounted to 251.4 thou. t. Over 43% of pork and 38% of poultry (Table 2.30).

Table 2.30. Meat production (carcasses) in 2009–2013, thousand tonnes

Kind of meat	2009	2010	2011	2012	2013*	Change 2013 compared to 2009, %
Meat, total	198,9	221,2	224,0	231,2	251,4	26,4
Pork	70,9	86,1	88,5	92,8	108,7	53,3
Poultry meat	74,7	81,1	83,9	88,3	96,3	28,9
Beef	54,6	52,4	50,2	48,6	44,8	–17,9
Sheep meat	0,8	0,7	0,6	0,7	0,8	0,0

* LIAE calculations.

Source: Agriculture in Lithuania 2012. Vilnius: Statistics Lithuania, 2013. ISSN 2029-3658.

In 2013, the volume of purchased animals and poultry amounted to 262 thou. t (live weight), by 7.3% more than in 2012.

Meat processing enterprises and slaughterhouses purchased 134 thousand of cattle (by 8.8% less than in 2012) and produced 34.4 thou. t of carcass meat. In 2013, the average purchase price of cattle was by 6.9% lower than in 2012 (Fig. 2.18), as the volumes of beef export to Russia went on decreasing.

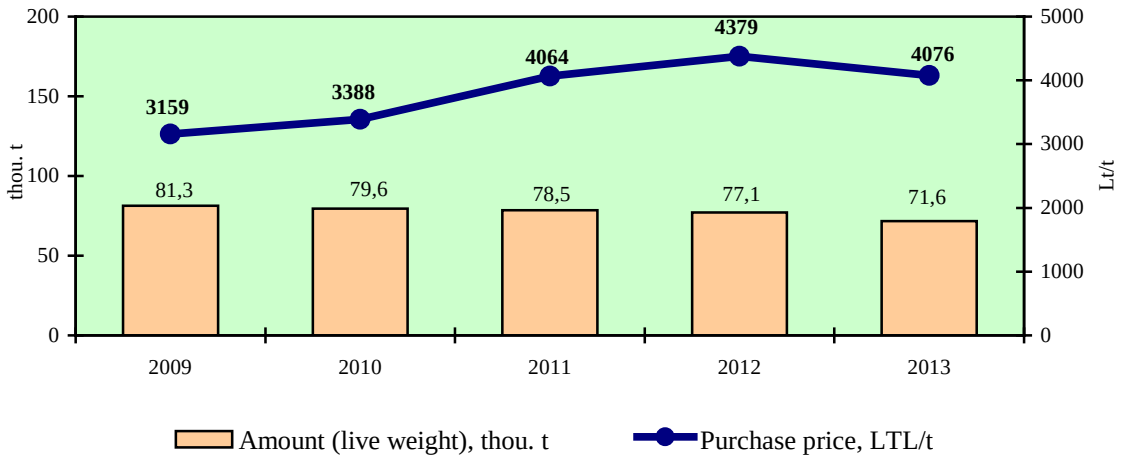


Fig. 2.18. Amount purchased and average price of cattle in 2009–2013

Source: Data of Statistics Lithuania and AIRBC.

At the end of the year (on the 50th week) the purchase price of Class O2 bulls in Lithuania was by 22.6% lower than the average price in the EU countries and was higher only than in Latvia and Hungary.

Even though the number of cows each year decreases by about 5%, the number of born calves (about 300 thousand), however, increases the supply of animals more than needed but decreases the cattle purchase prices.

In 2013, slaughterhouses and meat processing enterprises purchased 663 thousand of pigs raised in all the farms. In 2013, the average purchase price of live pigs was by 0.5% less than in 2012 (Fig. 2.19).

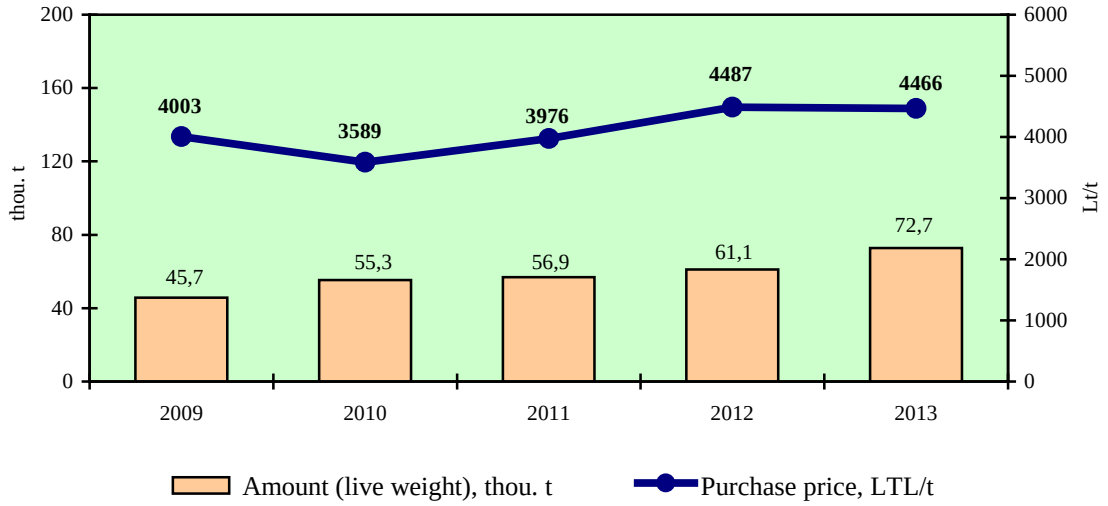


Fig. 2.19. Amounts purchased and average price of pigs in 2009–2013

Source: Data of Statistics Lithuania.

In 2013, the average purchase price of pigs (616 LTL/100 kg of slaughtered meat) was by 1.7% higher than in 2012. In 2013, the average purchase prices for Class E pig carcasses in the EU countries were analogous to those in 2012. Price tendencies in the EU, Poland, and Lithuania were similar (Fig. 2.20).

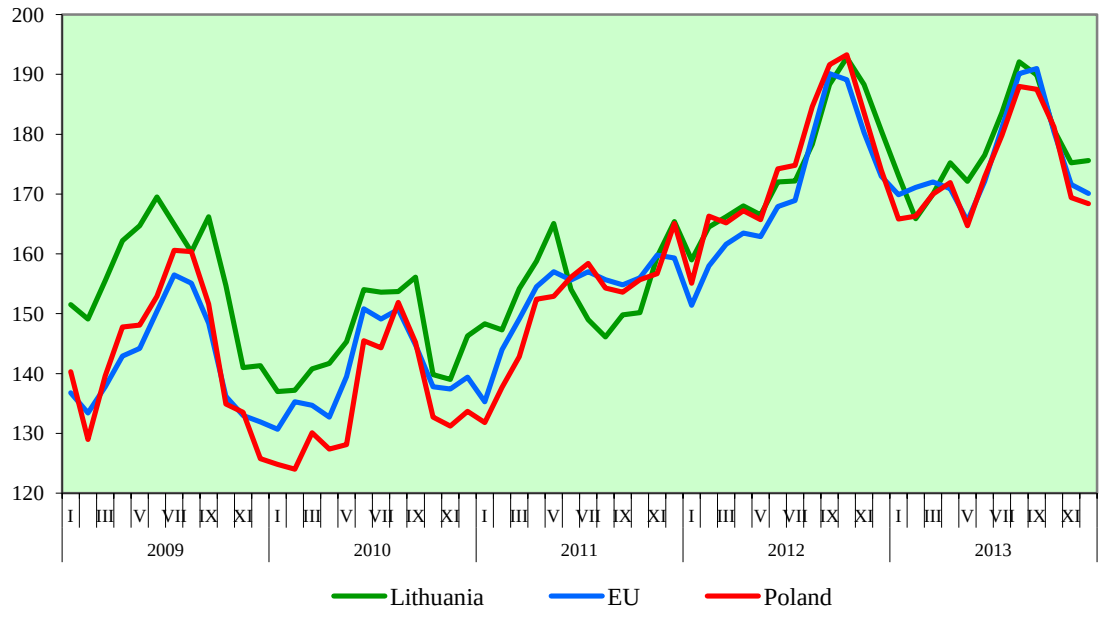


Fig. 2.20. Purchase prices of pigs (carcass Class E) in Lithuania, Poland and EU in 2009–2013, EUR per 100 kilogram

Source: EC data.

In 2013, 46.8 million head of poultry were slaughtered (by 7.8% more than in 2012). In 2013, as compared to 2012, the average purchase price of poultry meat was by about 5.5% higher than in 2012 (Fig. 2.21).

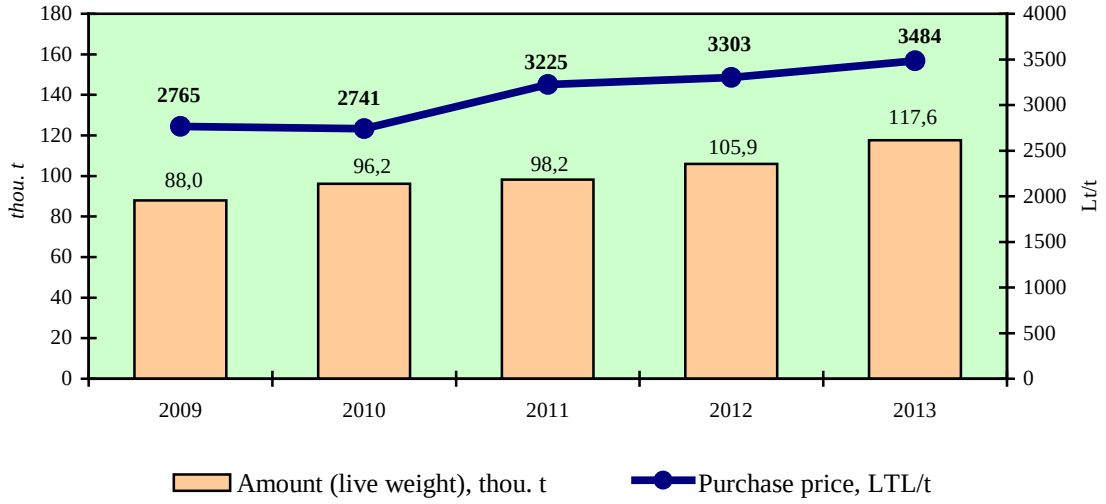


Fig. 2.21. Amounts purchased and average price of poultry in 2009–2013

Source: Data of Statistics Lithuania.

Domestic market. In 2013, 281.1 thou. t of meat and meat products were sold on the domestic market for LTL 2.1 billion (Table 2.31). Within the period of 5 years no substantial structural changes in the sales of meat products occurred. After the crisis period, the meat consumption in 2012–2013 became stable and reached the pre-crisis period.

Table 2.31. Sales of meat and meat products in the domestic market in 2009 and 2013

Products	2009		2013	
	quantity, thou t	value, LTL mill.	quantity, thou t	value, LTL mill.
Meat and sub-products	100,2	649,2	100,9	724,0
Poultry meat and sub-products	41,3	226,7	56,5	306,7
Meat products	105,2	908,2	102,2	921,9
Imported meat products	21,9	122,7	21,5	147,6
Total	268,6	1906,8	281,1	2100,2

Source: Data of Statistics Lithuania.

By LIAE calculations, in 2013 per capita consumption in Lithuania was 74 kg of meat and meat products (including Category I and II sub-products). As compared to 2012 – by 1 kg more (Table 2.32).

Table 2.32. Per capita consumption of meat products in 2009–2013, kilograms

Meat by kind	2009	2010	2011	2012	2013*	Change 2013 compared to 2009, %
Meat, total	72	70	69	73	74	2,8
of which:						
beef	5	4	4	4	4	–20,0
pork	42	41	42	44	43	2,4
poultry	22	21	21	23	25	13,6
sub-products, category I and II	2	3	2	2	2	0,0

* LIAE calculation.

Sources: Agriculture in Lithuania 2012. Vilnius: Statistics Lithuania, 2013. ISSN 2029-3658.

Poultry consumption has been increasing insignificantly, as poultry meat is cheapest and most healthier for consumption. Pork, however, remains most popular, even though its major part due to its shortage we are importing in the form of pork or pigs.

Foreign trade. In 2013, the balance of Lithuanian foreign trade in meat and animals was positive (Fig. 2.22). Export volumes per year increased by 15%, and imports by 14%. Over the period of 2009–2013, poultry meat exports increased by 2.4 times, and was highest in 2013 (LTL 301 million).

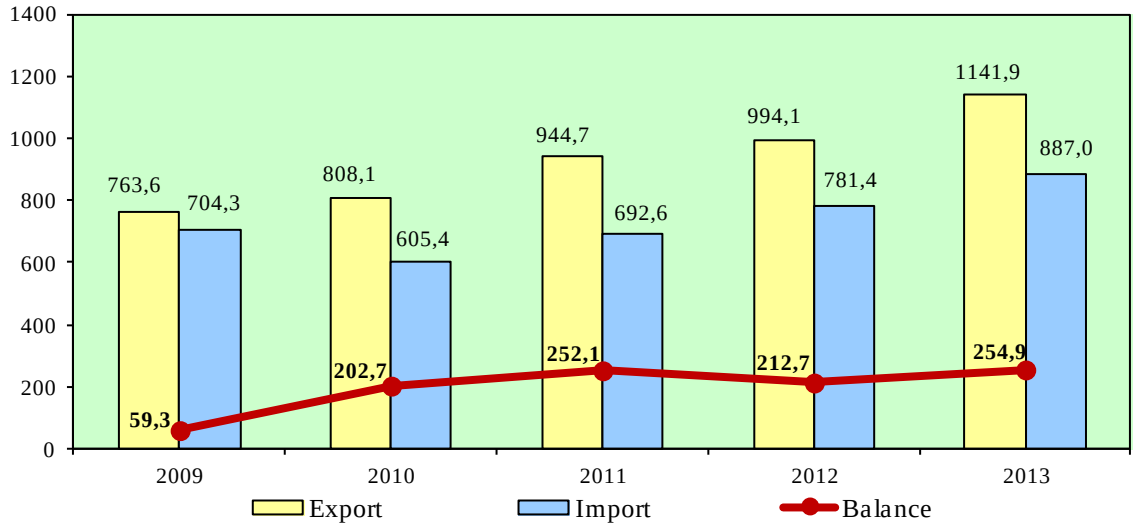


Fig. 2.22. Foreign trade balance of meat and livestock in 2009–2013, LTL million

Source: Data of Statistics Lithuania.

In 2013, export of beef meat amounted to 25 thou. t (Table 2.33), including 21 thou. t of slaughtered meat. The main purchasers were Russia (38%), the EU countries – Italy, the Netherlands and Sweden. Pork was mostly purchased in Russia, Belarus and Latvia, and poultry meat in the EU countries – the Netherlands, Latvia, Estonia, and the United Kingdom.

Of live animals exported the major part belongs to pork – to Poland. The number of calves exported amounted to about 100 thousand, the largest part to the Netherlands and Poland.

Table 2.33. Meat* exports by kind in 2009–2013, thousand tonnes

Meat by kind	2009	2010	2011	2012	2013**
Meat, total	71,4	87,3	110,0	118,6	128,1
of which:					
beef	29,7	31,7	31,1	30,0	25,0
pork	12,9	15,3	23,2	27,6	41,0
poultry	22,4	29,1	35,9	44,3	48,5

* Including meat products converted into meat.

** LIAE calculation.

Sources: Agriculture in Lithuania 2012. Vilnius: Statistics Lithuania, 2013. ISSN 2029-3658; Data of Statistics Lithuania.

The main part of meat imports consists of pork (Table 2.34). During 2013 more than 84 thou. t of pork was imported, mostly from Poland, Belgium and Germany. In 2013, two thirds of poultry was imported from Poland.

Table 2.34. Meat* imports by kind in 2009–2013, thousand tonnes

Meat by kind	2009	2010	2011	2012	2013**
Meat, total	133,1	114,5	128,4	131,7	150,5
of which:					
beef	2,9	3,4	3,4	2,3	2,4
pork	95,6	78,5	83,2	85,4	84,4
poultry	26,1	21,6	25,2	32,3	34,2

** Including meat products converted into meat.*

** LIAE calculation.

Sources: Agriculture in Lithuania 2012. Vilnius: Statistics Lithuania, 2013. ISSN 2029-3658; Data of Statistics Lithuania.

The livestock-breeding sector in Lithuania has been declared priority, since the number of those willing to be involved in animal breeding is on the decrease. Due to the shortage of pork, pigs and pork are imported from other countries. Per capita consumption of meat in Lithuania amounts to more than 74 kg, by 20% less than on the average per capita in the EU. The population of the EU old Member States, however, changes their eating habits, by replacing meat by fish or foodstuffs of vegetable origin. Thus the main priority goal of livestock-breeding would be to preserve the existing animal herds and even to increase the number of pigs, though not stimulating the higher consumption of meat.

3.4. Rapeseed

The increased purchase prices for rapeseed in the past years and the profitability of its cultivation stimulate the farmers to cultivate this crop. According to the FADN data, the total revenue of the farm per annual family working unit is highest in the farms cultivating cereals and rape. Winter rape is cultivated most of all, though their yield each year greatly depends on climatic conditions.

Rapeseed harvest in the world. In 2012–2013, the global harvest of rapeseed reached 63.0 million t and was by 2.5% higher than in 2011–2012 (Table 2.35). The highest increase of harvest (even by 58.8%) was fixed in the USA. In the EU countries, in 2013, the yield of rapeseed amounted to 19.2 mill. t, or 31.3% of the total global harvest. Highest yields of rapeseed were in France (5.4 mill. t), Germany (4.8 mill. t), and the United Kingdom (2.6 mill. t). Lithuania is ranked sixth by rape harvest in Europe. The average rape yielding capacity in the USA reached 1.59 t/ha, the EU – 3.08 t/ha, and China – 1.88 t/ha. The highest yield was achieved in Denmark (3.71 t/ha) and Germany (3.70 t/ha).

Table 2.35. World harvest of rapeseed in 2011–2014, thousand tonnes

Indicators	2011–2012	2012–2013	2013–2014
World harvest, total	61484	63021	70470
of which:			
EU-27	19235	19210	20850
China	13426	14007	14400
Canada	14608	13869	18000
India	6200	6800	7000
Other countries	8015	9135	10220

* USDA Outlook: March 2014.

Source: Data of AFMIS.

Cultivation. In Lithuania, during the period of 2009–2013, rape crop areas increased by 37.6%, and, as compared to 2012, just by 0.2% in 2013, the lower yielding capacity achieved (12.3%), if compared with 2012, conditioned the lower harvest (13.3%) (Table 2.36). The yield of rapeseed in Lithuania was by one third lower, as compared to the average in the EU.

Table 2.36. Crop area, harvest and yield of rape in 2009–2013

Indicators	2009	2010	2011	2012	2013	2013 compared to 2009, %
Area, thou. ha	191,9	251,9	250,2	263,4	264,0	37,6
Harvest, thou. t	415,8	416,7	484,3	632,9	548,7	32,0
Yield, t/ha	2,17	1,65	1,94	2,40	2,13	–1,8

Source: Data of Statistics Lithuania.

Harvest of rapeseed at farmers' and family farms in 2012 and 2013 harvest years accounted accordingly for 71.1% and 71.7% of all the yielded harvest. In 2013, in the structure of rape crop areas, winter rape comprised 53.5%, summer rape – 46.5%. Areas under winter rape crops in 2013, as compared to 2012, increased by 51.3%, and of summer rape crops – decreased by 23.6%. The yield of winter rape in the reference period dropped by 26.8%, the yield of summer rape also went on decreasing but not so significantly (9.5%). The yield of winter rape, however, by 0.67 t/ha exceeded the yield of summer rape (Fig. 2.23).

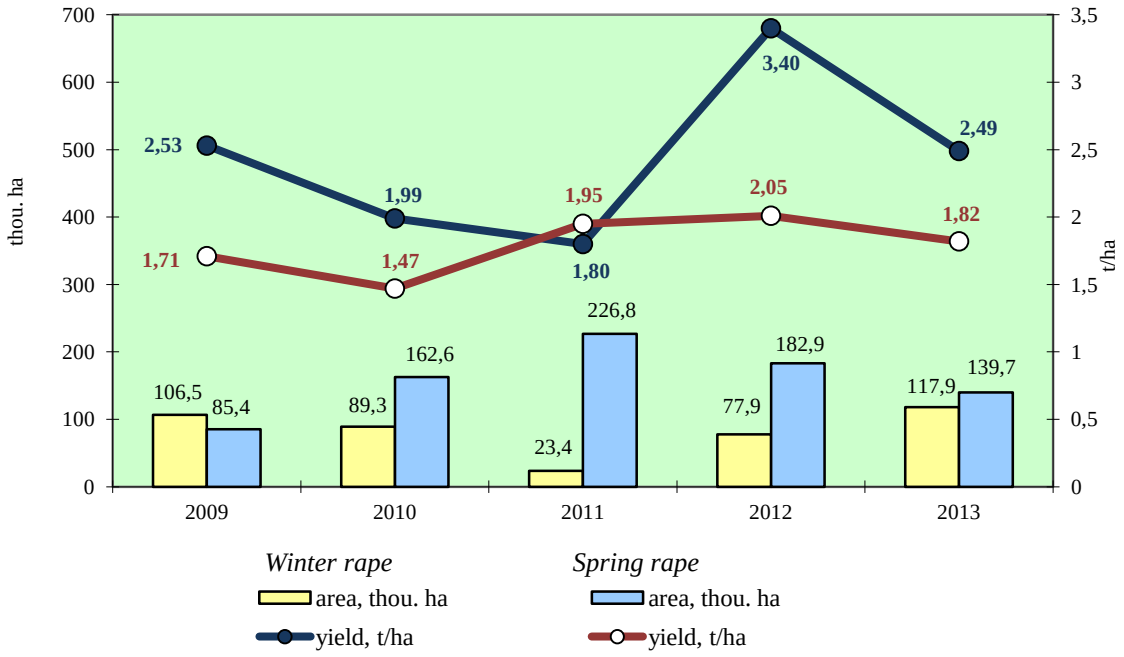


Fig. 2.23. Area under rape crops and seed yield in 2009–2013

Source: Data of Statistics Lithuania.

Market. During the year 2013, in Lithuania, 501.1 thou. t of rapeseed, i.e. by 13.9% more than in 2012, was purchased from rapeseed growers. Purchase price in 2013 was by 23.6% lower than in 2012, and this had an impact on the decrease of value (34.2%) (Table 2.37).

Table 2.37. Purchase of rapeseed in 2009–2013

Indicators	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Amount, thou. t	368,0	385,9	395,0	581,9	201,0	36,1
Price, LTL/t	836	1099	1458	1575	1204	44,0
Value, LTL mill.	307,7	424,1	575,9	916,5	603,2	96,0

Source: Data of Statistics Lithuania.

According to the data of the Agricultural and Food Market Information System (AMFIS), the highest purchase price for rapeseed was at the beginning of 2013. A

significant change occurred in July, the price for it dropped by 25.3%, as compared to the average price in January–June of 2013 (Fig. 2.24).

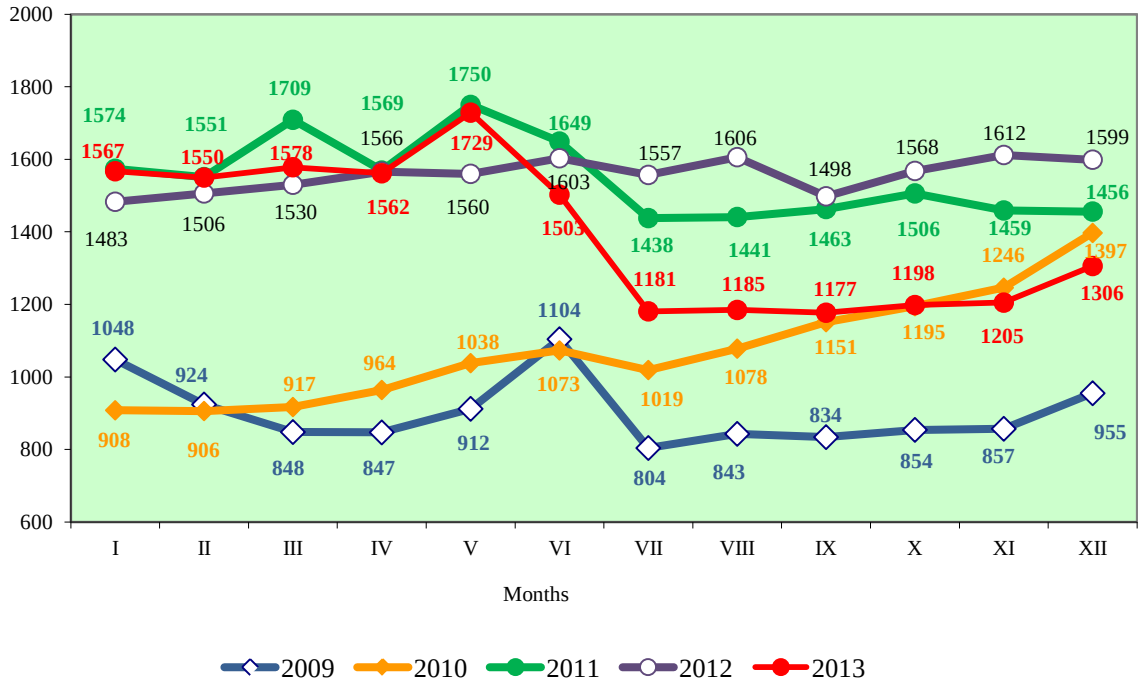


Fig. 2.24. Average purchase price of rapeseed in 2009–2013, LTL per tonne

Source: Data of AMFIS.

In the neighbouring countries, belonging to the EU, the rapeseed purchase prices in 2013, as compared to 2009, has also increased. If compared to the price in 2012, it dropped, on the average by about 25% (Table 2.38).

Table 2.38. Average price of rapeseed in selected EU countries in the 45th week of 2009–2013, LTL per tonne

Countries	2009	2010	2011	2012	2013	Change 2013 compared to 2009, %
Lithuania	**829**	**1318**	**1406**	**1547**	**1104**	**33,2**
Germany	853	1368	1456	1586	1214	42,3
Latvia	724	1213	1415	1606	1201	65,9
Estonia	804	1128	1512	1623	–	–
Poland	912	1277	1529	1670	1247	36,7

Source: Data of AMFIS.

In 2013, in comparison with 2009, rapeseed export in Lithuania in terms of value increased by 75.4% and this was conditioned by the increased amount of exported rapeseed (24.5%) and the augmented price for exported rapeseed (41.1%). In 2013, as

compared to exports in 2012, the volume of exports and price got reduced, accordingly, by 11.6% and 19.3%. Therefore, the value of exports was lower by 28.6% (Table 2.39).

Table 2.39. Export of rapeseed in 2009–2013

Year	Amount, thou. t	Price, LTL/t	Value, LTL mill.
2009	297,3	953	283,3
2010	278,5	1138	316,9
2011	219,1	1526	334,3
2012	418,0	1666	696,3
2013	369,4	1345	496,4

* Rape or colza seeds, whether or not broken.

Source: Data of Statistics Lithuania.

The major part of rapeseed from Lithuania in 2013 was purchased by the Netherlands 28.8%, Belgium 17.9%, Germany 16.9%, and Latvia 13.5% The highest change in the exports of rapeseed in terms of geography was an increase of exports to the Netherlands (by 3.5 times).

In 2013, imported rapeseed amounted to 5.2 thou. t. The major amount was imported from Latvia, i.e. 82.3% of the total imports of rapeseed. As compared to imports from this country in 2012, it increased by 32.5%. The average price of imports Latvia in 2013 was 1556.8 LTL/t, by 8.5% lower than in 2012.

The major exporter in the world in the reference period was Canada, export to this country comprised about 8000 thou. t. The biggest rapeseed importers were China (3400 thou. t), the EU (3400 thou. t) and Japan (2450 thou. t).

Processing. In 2013, 201.6 thou. t, i.e. by 6.8% more than in 2012, of rapeseed was processed, and, compared to 2009, by 10.6% more. Within the reference period, prices for processed rapeseed changed unevenly (Fig. 2.25).

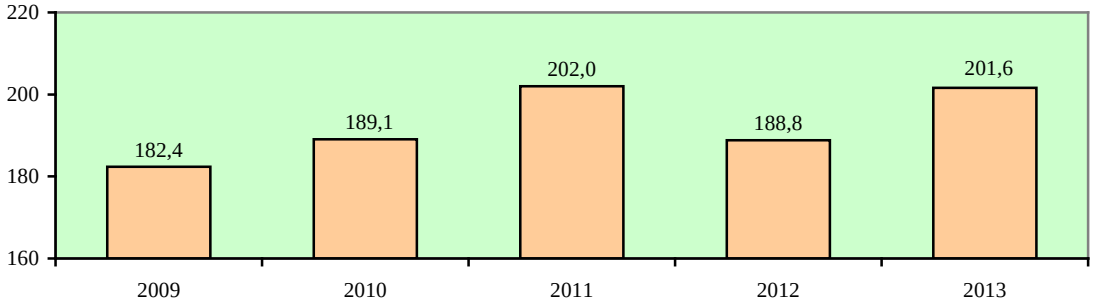


Fig. 2.25. Rapeseed processing in 2009–2013, thousand tonnes

Source: Data of AMFIS.

The amounts of rape, grown at present, guarantee the long-term development of energy use from renewable sources that is foreseen in the National Energy Strategy until the year 2025. These amounts should be retained in the short-term by promoting rape cultivation with the use of structural funds and direct payments.

SUMMARY

In 2013 the sector of agriculture, forestry and fisheries accounted for 3.8% of the gross value-added created in the Lithuanian economy, comprised more than 16.4% of the total foreign trade turnover, guaranteed workplaces for nearly one tenth of the employed population.

Aiming to increase the competitiveness of agriculture, to support farmers' income, to reduce social disjuncture between rural and urban population, to save the environment, the economic entities are supported from the EU and national budgets. In 2013 the funds for agriculture made up LTL 3133 million i. e. 15.8% more than in 2012.

In 2013 the export of agricultural and food products totalled LTL 16217 million (26.4% more than in 2012), while the import amounted to LTL 12832 million (17.4% more). Starting 2004 (when Lithuania joined the EU) the balance of foreign trade of agricultural and food products was positive. In 2013, as compared to 2012, it increased by LTL 20 million and reached LTL 3385 million.

In 2009–2013 the number of agricultural entities by category was changing unevenly. In 2013, as compared to 2009, the number of registered family farms went up by 9.8% and, as compared to 2013, increased by 3.3%. The average farm size of agricultural entities that declared UAA in 2013 was 18.5 ha, or by 5.7% larger than in 2012 and by 23.3% more than in 2009.

In 2013 the certified organic area in Lithuania occupied 171 thousand hectares, or was by 5.3% larger than in 2012. The average size of certified farm (including fishery farms) increased from 64.8 ha (in 2012) to 67.1 ha (in 2013).

The total land area by land category was almost stable. The largest share in the total land area made up land used for agricultural purposes (60.4%) and the area of forestry land (30.3%).

Recently the most important changes were going in the structure of rural population employment. In 2009, 29.9% of rural working population were employed in agriculture, forestry and fisheries, but lately, when the economic situation has improved, the share of population employed in agriculture is going down while the share of population involved in services is going up. In 2013, 27.0% of the employed rural population were involved in agriculture, forestry and fisheries.

In 2013, as compared to 2012, the number of SMEs in rural areas increased by 16.8% and reached 10.8 thousand (of which 78% made up micro-enterprises). Rural SMEs employed 96 thousand or one fourth of the total number of rural working population.

With the rapid development of the world economy, the consumption and demand for agricultural and food products are increasing, at the same time interest in expanding production and enlarging supply is growing. Significant investments in modernisation of farms, raising of labour productivity, optimisation of performance and food supply to consumers should make the preconditions for an increase in production amounts.