

RECENT SITUATION IN LITHUANIAN AGRICULTURE AND SOME ASPECTS OF ITS INTEGRATION INTO THE EU

Jeronimas Kraujelis, Vytautas Polinuas

Lithuanian Ministry of Agriculture and The Association of Lithuanian Agricultural Companies

The area of Lithuanian Republic is 65,3 thou.sq.km. The total length of the borders is 1842 km including the sea - coast line extending along for 99 km. Frontiers, km: with Russian Federation - 303; with the Republic of Belarus - 724; with the Republic of Latvia - 610; with the Republic of Poland - 110. (Picture 1).

The population (according to the data of 1994) of Lithuania was 3724,0 thou., 68,8 percent of the population is in town, 31,2 percent rural population.

More than half of the territory (53,8%) is occupied by the farming land: arable land and cultivated pastures - 46%, meadows - 7%, horticultural area - 0,9% the rest of it is occupied by forests, waters, etc. (picture 2).

During the last 50 years the Lithuanian agriculture was collectivised. The production came from 1150 farms each holding a size of about 5000 has or even more. The management staff of the collective farms and agro-industrial enterprises were all educated in their special field of responsibility. Since 1989 an agricultural reform is taking place. In 1989, 6000 private farmers started their own operation. After the real independence of Lithuania, the land reforms started with privatization of property and giving back land to the former owners or their heirs. Today, the structure of farming is following; (picture 3), (picture 4).

Farm size has been affected by two waves of privatization, and as the process continues, average farm sizes are becoming smaller. Those who obtained land in the first privatization effort in 1989 (the „89-ers“). These farmers are reasonably well established and have expanded their operations so that their average farm size is (ranges) between 50-80 ha. The second privatization wave created a large number of small land holders. Recent division of farmers according to farm size is as follows (picture 5).

Let us have some aspects of agricultural production and processing in Lithuania. While the total production sector has declined by more than 35% since the beginning of independence, the ratio of production has held relatively stable. Livestock continues to dominate the sector, by contributing 67% all production (picture 6). The changes of number of livestock and poultry (picture 7). In the short term this appears unlikely to change. Further downsizing will not occur very rapidly as there the industry and service sector have not progressed enough to absorb the surplus rural labor force. Another reason for short term stability in the sector has been the relative success of diverting Lithuania's agricultural exports to non-FSU countries.

The situation in different agricultural enterprises is following.

Grain. Present production costs using local inputs are US \$70 to 95/ton. Good farmers in Lithuania are able to obtain 4.5 ton/ha. Most grain is used for animal feed. Approximately 40 thousand tons of special barely is used by brewing industry, 30 thousand tons of rye and wheat is used in alcohol production.

Potatoes and Vegetables. The local soils are well suited for open field vegetables and potatoes cultivation. Presently 10 different potatoes varieties are used. The type of vegetables grown are mainly red beets, carrots and cabbage. Important are onions and greenhouse products such as tomatoes and cucumbers. Some of greenhouses produce flowers. 100,000 tons of raw vegetables are exported to Poland and Russia.

Fruits and Berries. The production of apples is about 200,000 tons per year. The majority of apples are used for production of apple juice and cider.

Sugar beets. This crop is grown primarily on the larger farms which still possess the large scale equipment necessary for planting, harvesting and transportation. Sugar beets fit into the crop rotations.

Natural Grassland. Lithuania is well endowed with natural grasslands, of which approximately 20% is fenced.

Rapeseed. The production of rapeseed in Lithuania is realively low, even though the crop is considered suitable for area. However, the possibility of growing the „00“ variety of rapeseed is high and presently being tried using danish seed and followed with considerable interest by producers as well as potential investors in the processing industry.

Forestry. Forest lands cover about 1.8 millin ha, or 28% of the land mass of Lithuania, and are one of Lithuanian’s valuable natural resource. Most of the forest consists of important commercial species, about 60% coniferous and 40% broadleaved, but unfortunately progress on the restitution of forest land is slow, but it is estimated that when restitution is coplete, about 20% of forest land will be in private hands.

Livestock. The total number of cattle in 1993 is 1.7 million units. The private sector doubled the number of units from 0.54 million in 1989 to 1.0 million in 1994.

Dairy. The dairy production system, traditionally the mainstay of agricultural production and exports in Lithuania is undergoing a major change (picture 8). This change concerns the shift in milk production to middle size holders and private farmers, privatization is most rapid in dairy processing industries, thus providing a potential recover of thhe subsectoral performance.

Beef. Beef is a by-product of the dairy production system. In 1993 about 120 thousands of cattle were exported to Turkey and Poland.

Pork. Pig production is slowly shifting from almost 250,000 tons in 1988 to 76,000 tons in 1994. Even so, 33 complexes with 362,400 places are in operation.

Poultry. The poultry industry is concentrated in 33 poultry companies, of which two smaller producers grow geese. The total production of approximately 680 millions eggs in 1993. The previous traditional markets for Lithuanian poultry meat and eggs in Russia have concentrated a significant overcapacity.

Agro-processing industry

Meat processing. Although meat production played a lesser role than dairy production in national economy (picture 9). Currently the processing industry is working at less than 60% capacity, and undergoing a transformation where in 200 smaller private slaughter units are taking over from the industrial slaughterhouses. Meat processing is concentrated in 9 large processing plants, with a total labor force of 12,440 workers. The companies are all in the process of restructuring. An increasing number of small processors are being established.

Dairy processing. There are 43 large processing plants. Energy consumption for pasteurization of milk is higher than the cost of Western Europe. Although some plants are especially high in butter production.

Grain processing for feed. Lithuania has 20 grain processing enterprises and compound feed is processed in 15 large feed mills. In 1993, Lithuania handled 1.9 million tons of the grain for feed. The capacity for drying and storing grain in Lithuania is 1.2 million tons, which is more than needed given the current decline in livestock. Over the last few years, storage and feed plants have been privatized to about 50% (some up to 75%).

Grain processing for bread. Of the 20 grain processing enterprises, nine mill wheat and five plants mill rye. The rye and wheat milling industry produce flour for two types of bread. About 50 different bakeries (large and medium sized plants) are in operation, with the results that bread is produced and distributed with good efficiency.

Sugar refining. Lithuania has four sugar beet processing plants that in the past also processed raw sugar from other countries. The total capacity of the sugar production is about 240,000 tons per year.

Specialists are trained at two higher educational institutions of agriculture: the Lithuanian Agricultural Academy and Lithuanian Veterinary Academy. Thousands of trained specialists work in agricultural sphere. There are 8 Scientific Research Institutes, 2 branches of the Agricultural Institute, 8 test centers (picture 10).

Under new circumstances when farming changed from big scale state farms to private ones there was a need to establish an Agricultural Service similar to such organizations in the Western European countries. The Danish model was used with adaptation to local situation.