

East-West Agrarian Forum
Development Strategies in the Accession Countries

Berlin
January 16, 2004

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Organic Farming in Lithuania: Strength Based on Domestic Demand

Dear Chair, Dear Participants of the Forum,

I would like to thank the organisers of this event for the opportunity to participate and speak about Lithuanian organic farming, its situation and prospects. First of all, let me touch upon a few general remarks regarding agriculture in our country.

The countryside, currently the dwelling place of one third of the country's population, is the roots of our national history, traditions and culture. Therefore agriculture is essential for maintaining and improving rural viability.

Agriculture, together with processing and service sectors, plays a very important economic, social and environmental role, and thus is among the priority spheres of the economy. It employs 19 per cent of all the country's workers. Agriculture accounts for 7 per cent of the GDP. Lithuania is fully self-sufficient in basic foodstuffs and exports considerable volumes of food products to some 80 countries. Export of agricultural and food produce amounts to 10 per cent of the country's export.

Agricultural land covers as much as 54 per cent of the country's territory, therefore it is very important to promote organic farming while addressing environmental issues in rural areas.

Ladies and gentlemen, globalisation has brought traditional farming worldwide to a crossroads. Which way will it go? Will it turn into a cuisine of modified food or will it foster organic farming, friendly to human health and environment?

We cannot ignore the fact that genetically modified plant crops in the world have approached the limit of 60 million hectare and now occupy an area 2.5 times larger than that of organic crops. Hence it is quite natural to ask how the human body is going to respond to food affected by genetic engineering and what impact it will have on our environment?

Lithuania has steadfastly chosen a reliable way: we are systematically and consistently reforming agriculture from traditional to sustainable and organic farming. This signifies the change in the human consciousness, hence also in science, education, training and consulting. It is absolutely innovative and designed for more than one decade.

What has determined this change? First of all, favourable conditions. There are many employable people in the countryside, and farmers traditionally use small amounts of mineral fertilisers and pesticides.

Secondly, Lithuania's domestic market for organic products is fairly advantageous.

Thirdly, in the future it will be increasingly difficult to compete with regular agricultural products since western countries produce them in surplus, whereas organic products are in short supply.

Dear participants, I would like to highlight that organic farming movement in Lithuania originated in the grassroots. It was already in 1990 that the organic farming society "GAJA" was established, and scientists of the University of Agriculture and Agricultural Institute were genuine enthusiasts of the movement. The establishment of a public institution "Tatula programme" (Tatula is a stream in the north of Lithuania) in 1993 was an essential turning point.

The Government gave adequate response to the local initiative – in 1997 the promotion of organic farms was launched, and the Ministries of Agriculture and Health established a certification body – public institution "Ekoagros". Co-operation with the Ministry of Environment grew closer.

Development of organic farming has become one of the most important agricultural policies established in the Agriculture and Rural Development Programme for 2000-2006 which was approved by the Seimas in 2000 as well as in the long-term strategy for 2015.

In order to implement strategic goals, a corresponding legal framework has been created. In early 2003 the Law on Agricultural and Rural Development containing a special article "Economic Regulation of Organic Agriculture" came into force. Another important law is the Law on Food which aims to ensure that products placed on the market are safe and high quality. The Law on Biofuel regulates the production and use of biological fuel. Rape, as part of agricultural produce, is already used to make biofuel. The use of biodiesel in agriculture directly contributes to the manufacturing of purer foodstuffs.

Prince Charles' visit in Lithuania in 2001 added impetus to the development of organic farming. On that occasion a show of organic agriculture products and a seminar were organised in the Lithuanian Parliament.

Problems related to the development of organic agriculture are systematically discussed in the Seimas Committee on Rural Affairs, chaired by me, on the basis of parliamentary scrutiny. In 2001 the Committee adopted a decision On the Development of Organic Agriculture, which gave substantial momentum to the support of organic farms and their development. For example, last year the aid received from the state budget was five times as big as several years ago.

It is only natural, then, that in recent years the number of organic farms in this country has been increasing very rapidly indeed. While in 1993 the number of organic farms stood at 9 only, the year 2003 in Lithuania saw certification of 700 organic farms

already, so the area of certified land last year actually tripled. The production cultivated is very diverse and includes cereals, fruit, potatoes, various green vegetables and other vegetables, etc.

All the factors and measures I have referred to above as well as a few other factors provide a good basis for pursuing quite an ambitious goal – to have certified organic agricultural areas reach no less than 10 per cent of the agricultural land of Lithuania by 2010.

Ladies and Gentlemen, at this point I would like to expand on the alterations in and prospects for Lithuania's internal market. We already have in place a system of production and processing of as well as trade in agricultural products. The certification body "EKOAGROS" that gained international recognition in 2000 is responsible for the certification not only of farms but also of processing and trade companies. In Lithuania, 16 companies processing pure produce free from chemicals are already operational, and co-operatives manufacturing organic products have been set up.

In addition to various types of support that it offers to economic entities, the "Tatula" programme has also been ensuring the sale of organic products since 1993 already. In autumn of 1995 the first fairs of the "Tatula" programme organic products were held in the stadiums and other most prestigious places of Vilnius, Kaunas and other largest cities. It has been two years since fairs in Vilnius in September – April have been organised regularly. Organic products are sold by farmers themselves as well as by other producers of these products, that is without any intermediaries.

Since 1996, organic products have been on sale regularly in the Ministry of Agriculture. Five years ago branded "Tatula" programme shops of organic products were opened. Fast concentration of chain stores that happened in Lithuania, however, has modified the commercial policy. In 1998, the largest chain stores set up organic product departments, and proprietary brand name for organic products has also been created.

Certain trading companies order even 5 thousand tons of organic vegetables and fruit each. It is not always possible to meet such a need. Organic farmers are happy that, for a number of years already, chain stores have been paying nearly twice as much for organic products than for traditional ones. Yet, when a chain store marks up the products plus when VAT is added to the price, not all consumers find the prices attractive.

The prices of these products during the "Tatula" programme fairs are almost half the price in the chain stores, that is they are approximately the same as shop prices of traditional products.

In Lithuania we still have relatively few organic products and few organic product consumers therefore the fairs contribute significantly to the education of consumers. And these fairs will be held with the aim to educate the consumer until he becomes the driving force behind the development of organic production and organic products. There are consumers who are purchasing organic products because of environmental concerns while others – rather for pragmatic health reasons, especially young couples

who plan to start a family or young families who plan to have more children. The fairs are widely covered by the major television programmes as well as by newspapers and magazines.

The “Tatula” programme takes care of a location for a fair and the necessary documents, pays the charges for the trading space as well as for parking, arranges for the advertising and covers all its expenses. And most importantly, brings farmers and their products to a fair free of charge and takes their products to shops without charge, too.

According to the Institute of Agrarian Economy, under favourable circumstances the sales of organic products by 2010 could make up about 7 per cent of the total consumption of foodstuffs in the country.

Organic farming has also been facilitated by the integration into the European Union. Agri-environment is also provided for in a mandatory manner in one of the Regulations. When Lithuania joins the EU, organic farming will be supported from the EU structural funds. We strongly favour the soonest possible adoption of the European Action Plan for Organic Food and Farming.

Integration has been successfully helping the development of our international co-operation, especially with the Nordic countries. Lithuania and the Nordic countries are exchanging the information and practical experience as well as implementing common projects. One of the examples of such co-operation is a joint project of Lithuanian University of Agriculture and Swedish University of Agricultural Sciences “Ecologisation and Increased Efficiency of Agriculture in Lithuania”. Danish agricultural consultancy “Danagro” and the Ministry of Agriculture of Lithuania are implementing a bilateral project “Improvement of the Inspection System for Production of and Trade in Organic Agricultural Produce”.

In the near future a common database of organic products of the Nordic and Baltic countries will be created, which will enable a boost in the turnover of these goods. The society “Gaja” develops relations with the Swiss ecology movement organisation for the co-operation between the East and the West.

By the way, Lithuanian organic products are popular not only in the fairs held in this country. For several years they have also been actively promoted abroad, namely, in Latvia, Estonia, Poland, France, Germany, Russia. Part of Lithuanian organic production is already sold in Latvia, Estonia, Russia. As we grow more of this produce, our hope is to reach the markets of Germany, France and other European countries, too.

This forum, I believe, will also contribute to the development of useful relations in the area of organic farming. I would like to take this opportunity and invite the participants of the forum drop into the “corner” (stand) of Lithuania of the Berlin exhibition and have a taste of delicious organic products, e.g. the produce of the “Ustukių malūnas” (Ustukiai Mill) – the dessert shake, made from barley flour, milk and honey, as well as to try wheat crackers, rye biscuits and other delicacies.

Distinguished Participants of the Forum, I would like to thank you for your attention; I would also like to extend my gratitude to the hosts of the forum for their hospitality. I wish all of you fruitful discussions, and the best of luck for organic agriculture in Europe.