

## **Support Measures and Financial Sources for Fishery Policy in Latvia**

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**Abstract.** There are long-lasting traditions in the fishery industry of Latvia, yet its significance in the country's national economy shrinks if its share in the Gross Domestic Product is computed. It is one of the industries in Latvia that has a positive foreign trade balance and a stable position in exports, accounting for 2.4% of the total value of exports. To support the fishery industry in Latvia, the Fish Fund (FF) financed from the government budget was established in 1995. After Latvia's accession to the European Union (EU), support instruments of the Common Fisheries Policy (CFP) are available from the Financial Instrument for Fisheries Guidance (FIFG) for the period 2004-2006 and the European Fisheries Fund (EFF) for the period 2007-2013. Thus, after Latvia's accession to the EU, a funding of LVL 140.5 million from the EU Funds is available to support the fishery industry. The measures and results of all these three funds are analysed in the present research.

**Key words:** fisheries, support measures, policy.

### **Introduction**

Fisheries policy in the EU has been inserted in the Treaty of Rome. Initially it was linked to agricultural policy, but over time it became increasingly independent. The CFP was officially introduced in 1983, yet its origin is found in the beginning of the 1970s when fisheries were a component of the Common Agricultural Policy (Eiropas Komisija, 2009). Since the 1980s, the CFP underwent several reforms in 1983, 1992, and 2002. The CFP, as reformed in 2002, has the primary goal of operating in sustainable fisheries, and to guarantee incomes and stable jobs to fishermen and is an integral part of the Community's policy on sustainable development and gives equal priority to the environmental, economic, and social aspects (Olivert-Amado, 2008).

The EU provides approximately 4.6% of the world output of fishery and aquaculture products, and therefore is the fourth largest producer in the world. Over the recent twenty years, the annual total output slightly decreased in the EU if compared with the previous years. In terms of quantity, the three largest nations – producers – in the EU are Spain, France, and the United Kingdom (Eiropas Komisija, 2010). In Latvia, the fishery industry has long-lasting traditions and history as well. We are sure, that the fishery in Latvia has long term development possibilities, as fisheries are not only an integral part of Latvia's national economy, but also an identity feature for the nation. By making the fisheries policy in Latvia, the EU CFP has to be definitely taken into consideration. The most important areas of action of the CFP are (European Commission, 2011a):

- laying down rules to ensure Europe's fisheries are sustainable and do not damage the marine environment;
- providing national authorities with the tools to enforce these rules and punish;
- monitoring the size of the European fishing fleet and preventing it from expanding further;
- providing funding and technical support for initiatives that can make the industry more sustainable;
- negotiating on behalf of the EU countries in international fisheries organisations and with non-EU countries around the world;
- helping producers, processors, and distributors get a fair price for their produce and ensuring consumers can trust the seafood they eat;
- supporting the development of a dynamic EU aquaculture sector (fish, seafood, and algae farms);
- funding scientific research and data collection, to ensure a sound basis for policy and decision making.

**Hypothesis of this research:** Latvian fishermen successfully use the available support instruments for developing the fishery industry. Thus, the **research aim** is to analyse the main support types for the fishery industry and their sources of funding in Latvia. The following **research tasks** are set forth:

- 1) to summarise the assessments of fishery policy by other authors;
- 2) to characterise the main indicators of Latvia's fishery industry;
- 3) to analyse the available funds for financing the development of fishery industry and the results of their uptaking in Latvia.

**Research subject:** support payments in the fishery industry.

**Research object:** fishery industry in Latvia.

Methods of analysis and synthesis, statistical analysis, the logical and constructive **methods were applied** to solve the research tasks. To research the topic, the common indicators of fishery industry were analysed using the data of Latvia's Central Statistical Bureau (CSB), annual reports prepared by the Ministry of Agriculture (MoA), and information on support payments gathered by the Rural Support Service (RSS). Various documents of the European Commission were also used in the research. The discussion includes researches and conclusions on the situation in the fishery industry of other authors – T. P. Smith and M. P. Sissenwine (2001), Juan C. Surís-Regueiro, Manuel M. Varela-Lafuente and Carlos Iglesias-Malvido (2003), M. Sissenwine and D. Symes (2007), Jesper L. Andersen, Max Nielsen and Erik Lindebo (2009), U. R. Sumaila and G. R. Munro (2009), M. Roze (2010), N. Riekstiņš (2010), A. Afanasjeva (2010), and I. Āboliņš (2010).

## Results and Discussions

### 1. Assessments of fishery policy by other authors

Fishery policies and their implementation were researched by many foreign scientists. Juan C. Surís-Regueiro, Manuel M. Varela-Lafuente, and Carlos Iglesias-Malvido (2003) are convinced that on the one hand, analysis shows that there is a positive correlation between the level of Structural Funds and the attainment of goals. On the other hand, it was found that the greater the relative availability of quotas, the poorer the countries performed in complying with the objective of reducing the fishing capacity, and the higher the expectations of achieving acceptable yields. These correlations, however, were not very strong.

Jesper L. Andersen, Max Nielsen and Erik Lindebo (2009) point out that fishing quotas are today exchanged between the EU Member States at a rate of 4% of total turnover in the EU fisheries. Germany, Belgium, Denmark, and the Netherlands are the most active. Only one fourth of these exchanges are permanent. With the management systems in the EU fisheries differing among countries, comparative advantages in fisheries exist in the Member States with the best management practices.

T. P. Smith and M. P. Sissenwine (2001) point that the world's fisheries are significant from many perspectives: biological, economic, cultural, and political. It is clear today that the world's fishery resources are not only exhaustible but also that, for many fisheries, current levels of fishing pressure are not sustainable. Stated more formally, for many of the world's fishery populations, demand at the current cost of production (taking into account the use of the best available technology) exceeds the rate of renewal of the fish population, thus resulting in overfishing (unsustainable fishing).

U. R. Sumaila and G. R. Munro (2009) emphasise that fish, being renewable resources, portray the following characteristics: 1) "utilization" of a unit of the fish resource implies its destruction, that is, the unit is completely and irrevocably lost; and 2) the fish stock can be augmented again to enable a continuing availability through time.

Michael Sissenwine and David Symes (2007) point out that fisheries policy in Europe is under scrutiny as concerns about the status of stocks mount and fisheries issues receive increasing attention as part of a broader environmental agenda. At the same time, traditional interests in fisheries are suffering from the negative impacts of stock declines and excess fishing capacity. Evolving attitudes about government institutions are also changing 1) the way fisheries are managed, 2) funding for fisheries programmes, and 3) public participation in governance. Its objectives are broad, and they do not provide much guidance on how to manage fisheries.

There are quite a few researches on the issues of fishery policy and support for it in Latvia. Mostly the employees of the Ministry of Agriculture and its institutions discuss about them. The conference "Introduction of Measures of the European Fisheries Fund and the Development of Fishery Industry in Latvia", in which policy makers and professionals assessed the development of this industry, was held in Latvia by the end of 2010. Director of the international organisation EUROFISH A.Afanasjeva (2010) emphasised that the output of aquaculture would reach 55700 thousand tons in the world in 2010, which was 3.7% more than a year ago, and the volumes of exports and imports might exceed LVL 100 billion, which was 6.5% more than in 2009.

N.Riekstiņš (2010) from the Ministry of Agriculture pointed that fish products were the third most significant product exported from Latvia, accounting for 2.4% of total exports. An interest in aquaculture is proved by the fact that 120 companies rear aquaculture animals out of 283 aquaculture companies registered by the Food and Veterinary Service. R. Joffe (2010) introduced the conference participants with the research activities performed by the Institute for Food Safety, Animal Health, and Environment in the fishery industry: producing young ones of fish to increase fish resources in natural water reservoirs, expert examinations to estimate any damage done to fish resources, and elaborating regulations for exploiting fish resources in water reservoirs. I.Āboliņš from the Rural Support Service (2010), in his turn, informed that more than EUR 112 million of the EU public funding from the EFF are available for Latvian fishermen, fish processors, and aquaculture producers in the period 2007-2013, which is a significant investment in developing the fishery industry.

## 2. Description of the fisheries sector in Latvia

The fishery industry is related to a rational and sustainable use of Latvia's living natural resources in its economic zone, territorial waters, and internal waters. The fishery industry in Latvia represents three main fields of activity: fishing, fish processing, and aquaculture that to a great extent also affects the development of rural areas. The share of fishery industry in the Gross Domestic Product (GDP) has decreased over the recent 6 years and in 2009 accounted for only 0.6% (Table 1). However, this industry's contribution to exports, which accounts for 2.4% of the country's total export of goods and services, has to be emphasised. The fishery industry is one of the very few industries in the national economy of Latvia that has a positive foreign trade balance over the analysed period regardless of the overall financial crisis in the world. In 2009, canned fish and other fish products were the third most significant food products exported from Latvia behind cereals, flour products and drinks, juices that had respectively the first and the second position (Riekstiņš, 2010). Opposite trends are observed in the EU foreign trade, as the EU together with Japan and the USA are one of the three main importers of products of fisheries and aquaculture in the world, and their total trade balance is negative, exceeding EUR 13.6 billion (Eiropas Komisija, 2010).

Table 1

Main fisheries indicators in Latvia for the years 2004-2009

Indicators/Years	2004	2005	2006	2007	2008	2009	Growth rate relative to the base year, %
Share of fisheries in GDP, %	0.9	1.1	0.9	0.8	0.7	0.6	67
Share of fisheries in total exports, %	2.8	3.1	3.1	2.1	2.4	2.4	86
Trade balance of fisheries, mln.EUR	57.6	74.4	88.9	29.7	36.6	33.9	58
Number of fishing vessels	942	928	897	n.d.*	794	796	84
Fish catch of Latvian fishing vessels (except internal waters), thou. t	125.0	150.4	137.5	153.8	156.9	162.2	129
Fish catch in internal waters, thou. t	0.4	0.4	0.3	0.3	0.3	0.3	75
Output of fish products, thou. t	166.5	213.7	179.0	170.0	191.1	183.0	109

\*no data

Source: Zemkopības ministrija, 2006, Zemkopības ministrija, 2008, Zemkopības ministrija, 2009a, Zemkopības ministrija, 2010a, Ankviča, 2010, Riekstiņš, 2010, CSP, 2011a, CSP, 2011b and authors' calculations

The key goal of the EU CFP is to guarantee a sustainable use of fish resources. Management of fleet capacity is an important instrument in achieving it. Over the recent

seventeen years, an average annual decrease in the capacity of fishing fleet in the EU has almost been constant, approximately 2%, in terms of both tonnage and engine power. Over the recent six years in Latvia, the number of fishing vessels has decreased by 16% and accounts for only 0.9% of the total number of fishing vessels in the EU (Eiropas Komisija, 2010 and authors' calculations). The fishery industry in Latvia employs 1632 individuals, which is the 13<sup>th</sup> position in the EU behind such large countries in terms of fishery industry as Spain, Italy, Greece, Portugal, France, the United Kingdom a.o. Yet it has to be taken into consideration that the processing industry in Latvia additionally employs 6151 people (Eiropas Komisija, 2010).

The output of aquaculture products in the EU reaches 1.3 million tons and its value is approximately EUR 3.2 billion, accounting for 20.3% of the total output of fishery products in the EU. The EU share in the world's total output of aquaculture products is 2.6% in terms of volume and 5.1% in terms of value (Eiropas Komisija, 2010). Yet, in Latvia the output of aquaculture products constitutes an insignificant share – only 0.2% of the total fish catch and has been relatively stable over the recent six years. However, the fish catch of Latvian vessels in external waters shows a stable upward trend – an increase of 29% in 2009 compared with 2004 when Latvia joined the EU.

The output of fish products increases steadily in Latvia, amounting to 183 thousand tons in 2009, which exceeds the level of 2004 by 9%. Latvia should have taken into account the development trends in the world's fishery industry – stable quantities of fish catches, aquaculture as the world's fastest growing food industry, which accounts for 47% of the total output of fish products, factories of fish processing are outsourced to China, Vietnam and Russia as well as India and Thailand (Afanasjeva, 2010).

### 3. Support instruments for the fishery industry in Latvia

The support instruments available for the fishery industry in Latvia have a historical development and changes in their sources of financing. There were two main periods:

- pre-accession period to the EU when only support measures of the Fish Fund financed from the government budget were available;
- post-accession period to the EU when the EU Structural Funds – the FIG for the period 2004-2006 and the EFF for the period 2007-2013 – are available in addition to the FF.

Table 2

#### Support instruments for the fishery industry and their characteristics in Latvia

Indicators	Fish Fund	Post-accession period	
		FIG	EFF
Period of operation	Since 1995	2004-2006	2007-2013
Sources of financing	Government budget	EU and government budget	EU and government budget
Institution responsible for introduction	Ministry of Agriculture	Ministry of Finance and Ministry of Agriculture	Ministry of Agriculture
Administering institution	Ministry of Agriculture and the Fund's Council	Rural Support Service	Rural Support Service
Main documents	Cabinet Regulations	Development Plan of Latvia (SPD), Programme Supplement, Guidelines	Action Programme, Cabinet Regulations

Source: authors' construction based on Ministru kabinets, 1995, Finanšu ministrija, 2003, Zemkopības ministrija, 2009b

The FIG is designed to help achieve the aims of the common fisheries policy by providing structural assistance. It thus strengthens the competitiveness of the operating structures and the development of economically viable enterprises. The aims of the FIG's structural measures are to:

- contribute to achieving a balance between fisheries resources and their exploitation;

- strengthen the competitiveness of operating structures and the development of economically viable enterprises in the sector;
- improve market supply and the value added to fishery and aquaculture products;
- contribute to revitalising areas dependent on fisheries and aquaculture (European Commission, 2011b).

The FIGG existed till 2006. The EFF started its operation on 1 January 2007 and was created by the bottom-up approach to foster transition to a fishing fleet that actually corresponds to the present resources (Eiropas Komisija, 2009). The indicators characterising all sources of financing are summarised in Table 2.

It has to be taken into consideration that reforms of the CFP will take place. Thus, changes will also affect the support instruments and their sources of financing. In September 2008, the Council of Ministers of Agriculture and Fisheries of the EU started a discussion on the need of reforming the CFP. The basic issues of this reform are the structural imperfections, including support for the fishery industry, organisation of the common market, further improvements in the management of EU fisheries, foreign aspects (international organisations, agreements with the third countries) and aquaculture (Riekstiņš, 2010).

### 3.1. The Fish Fund

The Fish Fund in Latvia was created in accordance with Sections 27, 28, and 29 of the Fisheries Law of the Republic of Latvia. The FF consists of a subsidy allocated from the annual government budget for the subprogramme "Fish Fund" of the Ministry of Agriculture as well as of donations and contributions of individuals and legal entities (including foreign). The goal of the Fish Fund is to provide funds for scientific projects that relate to researching fish resources and impacts of pollution and various economic activities on fish resources as well as to activities for reproduction and preservation of fish. The procedure of collecting, managing, and allocating the Fish Fund's finances is set by the Cabinet Regulations No. 388 "Statute of the Fish Fund" of 19 December 1995 (Zemkopības Ministrija, 2010b).

An analysis was performed computing growth rates of dynamic time series data as a percentage change relative to the previously reached level (Balabka, 2008):

- 1) growth rate relative to the base year, %:

$$BGR_{m(b)} = (y_m / y_1) \times 100\% \quad [1]$$

- 2) annual growth rate, %:

$$CGR_{m(ch)} = (y_m / y_{m-1}) \times 100\%, \quad [2]$$

where

$y_m$  – denotes any level of time series;

$y_{m-1}$  – denotes the previous level of time series;

$y_1$  – denotes the beginning (*first*) level of time series.

Table 3

**Government budget subsidies for the subprogramme "Fish Fund" in Latvia during 2005-2010**

Year	LVL <sup>2</sup>	Annual growth rate, %	Growth rate relative to the base year, %
2005	368 078	-	100
2006	361 652	98	98
2007	359 742	99	97
2008	353 265	98	95
2009	300 000	85	81
2010	204 457	68	55

Source: Zemkopības ministrija, 2010b and authors' calculations

After assessing the funding allocated for FF activities in Latvia, one can conclude that this funding has been reduced almost twice as much over the period since 2005. A substantial reduction of funding was observed during the recent 2 years, as revenues of the government

<sup>2</sup> Latvian lats

budget decreased due to the international financial crisis. Since 2010, the FF funds may be allocated for the following activities:

- financing scientific programmes and cooperation in researching the fishery industry;
- regenerating and reproducing fish resources;
- preserving fish resources, which is done by the government institutions or municipalities that are responsible for protecting fish resources;
- informing the public about the research on fish resources, a rational and careful use of fish resources, their reproduction and preservation;
- participating at international events, conferences, and training courses related to the research on fish resources, a rational and careful use of fish resources, their reproduction and preservation, except support for professional education, partner relations, cooperation, and exchange of experience;
- liquidating the consequences of natural disasters or accidents that have caused damages to young ones of fish reared for implementing the National Programme for the Reproduction of Fish Resources (Zemkopības Ministrija, 2010b).

### 3.2. Support measures of the FIFG

The support measures for agriculture and rural development during 2004-2006 were set by the SPD, Priority 4 "Promotion of Development of Rural Areas and Fisheries" that has 2 sub-priorities:

Sub-priority 4.1. Promotion of Development of Agriculture and Rural Areas;

Sub-priority 4.2. Promotion of Development of Sustainable Fisheries that is financed from the FIFG, the funding of which accounts only for 4% of the total structural funding in Latvia (Pilvere, 2007). The information on the support measures of the FIFG and their results are summarised in Table 4.

Table 4

#### Contracts financed from the Structural Funds – the FIFG – as of 10 November 2008

Measure and Activity	Implemented projects		Funding		On average per 1 project, LVL
	Number	Structure, %	LVL	Structure, %	
<i>4. Priority: Promotion of Development of Rural Areas and Fisheries</i>					
4.8. Measure: Adjustment of Fishing Effort	79	18	12 109 581	52	153286
4.9. Measure: Fleet Renewal and Modernisation of Fishing Vessels	61	14	308 049	1	5050
4.10. Measure: Development of Processing and Marketing of Fishery and Aquaculture Products, Fishing Port Facilities and Aquaculture	89	20	9 120 247	39	102475
<i>Activity 1 - Development of Processing and Marketing of Fishery and Aquaculture Products</i>	46	10	4129476	18	89771
<i>Activity 2 - Fishing Port Facilities</i>	15	3	3733565	16	248904
<i>Activity 3- Aquaculture</i>	28	6	1257206	5	44900
4.11. Measure: Development of Coastal Fishery, Socio-economic Measures, Aid for Temporary Cessation of Fishing Activities and Other Financial Compensation, Promotion of New Market Outlets and Support to Producer Organisations	217	49	1 904 150	8	8775
<i>Activity 1 - Development of Coastal Fishery</i>	5	1	253784	1	50757
<i>Activity 2 - Socio-economic Measures</i>	205	46	1 430 919	6	6980
<i>Activity 3- Promotion of New Market Outlets</i>	3	1	207 366	1	69122
<i>Activity 4- Support to Producer</i>	4	1	12082	0	3020
<b>Total</b>	<b>446</b>	<b>100</b>	<b>23 442 027</b>	<b>100</b>	<b>52561</b>

Source: Lauku atbalsta dienests, 2008 and authors' calculations

After analysing the information summarised in Table 4, one can make the following conclusions:

- during the period of 2004-2006, the FIFG funding for the fishery industry of Latvia amounts to LVL 23.4 million or annually LVL 7.8 million on average;
- totally 446 projects were implemented, 49% of which were implemented in Measure 4.11, 20% in Measure 4.10, and 18% in Measure 4.8;
- the structure of funding does not correspond to the structure of number of projects, as the majority of the total support funding or 50% was paid in Measure 4.8, 39% in Measure 4.10, and only 8% in Measure 4.11;
- thus, the largest projects were implemented in the support measures in which the largest funding was paid, i.e. Measures 4.8 and 4.10, LVL 153 thousand and 102 thousand respectively. Yet the largest projects are financed in the Activity "Fishing Port Facilities", amounting to LVL 249 thousand, whereas the smallest ones are financed in the Activity "Support to producer" with LVL 3 thousand.

The Ministry of Finance (2009) concludes that there is progress in terms of physical indicators within the FIFG measures:

- within Measure 4.8 "Adjustment of Fishing Effort", 70 fishing vessels were disposed of as well as 9 fishing vessels were assigned for use for other purposes;
- within Measure 4.9 "Fleet Renewal and Modernisation of Fishing Vessels", 57 fishing vessels were modernised;
- within Measure 4.10 "Development of Processing and Marketing of Fishery and Aquaculture Products, Fishing Port Facilities and Aquaculture", 28 fish processing enterprises and 5 fishing ports were modernised as well as 23 aquaculture enterprises were supported;
- within Measure 4.11 "Development of Coastal Fishery, Socio-economic Measures, Aid for Temporary Cessation of Fishing Activities and Other Financial Compensation, Promotion of New Market Outlets and Support to Producer Organisations", 205 fishermen received support.

### **3.3. Introduction of the EFF**

The EFF will function till the year 2013. M.Roze (2010) believes that it is of great importance how reasonably we use natural resources and how efficiently we use the funds available from the EU Fisheries Fund together with national co-funding, but the EU funds are not sufficient for the fishery industry.

It was pointed out that the use of EFF funds was slow in the period of 2007-2013, as only 5% of the total amount was allocated from the EU budget by the middle of 2010. It can make problematic the justification of requests for necessary funds for the next EFF planning period (Riekstiņš, 2010). In Latvia, already 27% of the EFF funds have reached the bank accounts of project implementers (Table 5).

After analysing the data summarised in Table 6, one can find that:

- during the period of 2007-2013, the total EFF funding for the fishery industry of Latvia amounts to LVL 117 million or LVL 16.7 million a year. It is 2.1 times on average more than annually in the previous programming period;
- of the available funding, 36% are intended for the measures of Priority 2, 23% for Priority 4 that characterises the priorities of fishery policy in Latvia;
- till the end of 2010, the funding of approved projects accounts for 56% of the available funding; it can be regarded as a high rate compared with the EU average level;
- already 69% of the available funding has been paid in Priority 1, thus one can forecast that an additional redistribution of funds for this priority from the priorities in which funds have not been fully used will be necessary;
- it has to be emphasised that the funds in Priority 4 are slowly used. Taking into consideration the number of approved projects, one can forecast that the use of funds might increase, but the funding intended for this priority might be a source of additional funding for the support measures of other priorities.

Table 5

## EFF funding in Latvia as of 1 December 2010

Priority axis	Short name of measures	Available public funding, LVL	Public funding of approved applications, LVL	Approved as % of available public funding	Paid public funding, LVL	Paid as % of available public funding
	Professional education	969 869	24 483	3%	24 483	3%
	Credit fund	x	5 000 000	x	5 000 000	x
I	Fisheries	19 421 701	13 482 704	69%	13 404 185	69%
II	Aquaculture, inland fishing, processing	43 015 119	25 523 759	59%	4 826 983	11%
III	Measures of common interest	22 000 576	14 107 378	64%	7 741 738	35%
IV	Fisheries areas	27 092 135	6 287 426	23%	206 487	1%
V	Technical assistance	4 649 185	1 003 487	22%	415 493	9%
<b>Total</b>		<b>117 148 585</b>	<b>65 429 237</b>	<b>56%</b>	<b>31 619 368</b>	<b>27%</b>

Source: Lauku atbalsta dienests, 2010a and 2010b and authors' calculations

After comparing the possibility of government budget to support the fishery industry in Latvia in 2010 or LVL 200 thousand with the average annual funding of the EFF during 2007-2013, one can conclude that no development is possible without the funding and support measures of the EU in the fishery industry of Latvia. The information on the number of projects submitted and approved for the EFF funding is summarised in Table 6.

The activity in receiving the EFF support has increased over 4 years (Table 6) if compared with the period of 5 years of FIGG funding (Table 4) when 446 projects were financed, as already 1001 projects are submitted, of which 712 or 71% are approved and 531 projects have received their funding, which is by 19% more than the number of projects financed during the previous period. The largest number of projects or 62% of their total number is financed in Priority 1, while 21% in Priority 2. Over this period, 44% of projects are financed in Priority 1.4 "Socio-economic measures" which is almost as many as during the previous period.

There are several priorities in which no application submission have been started, i.e. Priorities 1.2, 2.3, and 3.2.

The average size of projects is LVL 91895 which is by 74% more than during the previous period of programming. Like before, the largest projects are in Priority 3.3 "Investments in Fishing Ports and Landing Sites" – LVL 870 thousand or 3.5 times more than the average size of projects in the period of 2004-2006. It has to be noted that a new measure "Credit Fund" amounting to LVL 5 million has been established for the period 2007-2013. It was not initially envisaged in the Action Programme. The reason for it was the economic recession caused by the global financial crisis and the precaution of banks in granting loans. Therefore, the implementation of EFF projects will be promoted by means of this support measure, as it will be possible to receive a loan for implementing already approved projects.



Table 6

Projects submitted and approved for the EFF funding in Latvia as of 1 December  
2010

Priority axis	Short name of measures	Number of registered applications	Number of approved applications	Number of paid applications	approved applications as % of registered ones	Average funding of approved projects, LVL
	Professional education	4	2	2	50	12241
	Credit fund	x	1	1	x	5000000
	1.1. Permanent cessation of fishing activities	141	84	84	60	134694
	1.2. Temporary cessation of fishing activities	0	0	0	0	0
	1.3. Investment in fishing vessel equipment and selectivity of fishing gears	10	10	7	100	12940
	1.4. Socio-economic measures	259	236	236	91	8640
<b>Priority Axis I</b>	<b>Fisheries</b>	<b>410</b>	<b>330</b>	<b>327</b>	<b>80</b>	<b>40857</b>
	2.1. Productive investments in aquaculture	191	90	26	47	129129
	2.2. Aqua-environmental measures	73	68	68	93	24048
	2.3. Animal health measures	0	0	0	0	0
	2.4. Inland fishing	2	2	-	100	19224
	2.5. Processing and marketing of fishery and aquaculture products	61	37	21	61	330500
<b>Priority Axis II</b>	<b>Aquaculture, inland fishing, processing</b>	<b>327</b>	<b>197</b>	<b>115</b>	<b>60</b>	<b>129562</b>
	3.1. Collective operation actions	6	4	2	67	586293
	3.2. Development and protection of aquatic flora and fauna	0	0	0	0	0
	3.3. Investments in fishing ports and landing sites	22	13	11	59	869770
	3.4. Development of new markets and promotional campaigns	7	6	5	86	75867
<b>Priority Axis III</b>	<b>Measures of common interest</b>	<b>35</b>	<b>23</b>	<b>18</b>	<b>66</b>	<b>613364</b>
	4.0. Implementation of territorial development strategies (strategies)	24	24	9	100	205449
	4.1. Implementation of territorial development strategies	134	70	4	52	12424
	4.2. Ensuring the operation of the LFAGs, acquiring of skills, activation of territories	24	24	23	100	20291
<b>Priority Axis IV</b>	<b>Fisheries areas</b>	<b>182</b>	<b>118</b>	<b>36</b>	<b>65</b>	<b>53283</b>
<b>Priority Axis V</b>	<b>Technical assistance</b>	<b>43</b>	<b>41</b>	<b>32</b>	<b>75</b>	<b>24475</b>
<b>Total</b>		<b>1 001</b>	<b>712</b>	<b>531</b>	<b>71</b>	<b>91895</b>

Source: Lauku atbalsta dienests, 2010a and 2010b and authors' calculations

## Conclusions

1. In Latvia, the fishery industry has long-lasting traditions and history. Yet its share in the GDP has decreased and in 2009 accounted for only 0.6%. It has to be noted that the fishing industry's contribution to the country's total exports has stabilised at 2.4% over the recent years and it has a positive trade balance which should be kept to a sustainable future.
2. The development of Latvia's fishery industry after the accession to the EU depends on the CFP and the limitations and support measures set by it. After joining the EU, additional funds to Latvia's fishery industry in addition to the FF financed from the national budget are

available from the FIFG for the period of 2004-2006 and the EFF for the period of 2007-2013.

3. Taking into account the limited national budget, the funding for Latvia's FF has decreased almost 2 times from LVL 368 thousand to LVL 204 thousand during 2005-2010, as a result of which the fishery industry can be very minimally supported from the national budget.
4. To solve the structural problems in Latvia's fishery industry, funds from the FIFG were available during 2004-2006, as a result of which:
  - LVL 23.4 million was paid in 4 key support measures and 7 additional activities. 52% of funding was paid in Measure 4.8 "Adjustment of Fishing Effort" which allowed to dispose of old and inefficient fishing vessels;
  - 446 projects were implemented with an average size of LVL 52.5 thousand. The average sizes of projects between LVL 3 thousand in the Activity "Support to Producer" and LVL 249 thousand in the Activity "Fishing Port Facilities".
5. As of the end of 2010, the following indicators characterise the use of EFF funds in Latvia during the period of 2007-2013:
  - 1001 projects were submitted, 712 were approved, and 531 were financed which indicates an increasing activity of fishermen in uptaking the EFF support measures;
  - over the entire period, a funding of LVL 117 million was intended for supporting the fishery industry, of which 56% was reserved for the approved projects, but 27% was paid which is a much higher rate if compared with the EU average rate regarding the use of EFF funds;
  - the average size of projects is 74% larger than that was during the previous period of programming.
6. Since Latvia joined the EU, an EU funding of LVL 140.5 million is available for the fishery industry. The EFF funding is LVL 16.7 million for the period of 2007-2013. It is 2.1 times more than during the period of 2004-2006 and 84 times more than the available funding from the FF financed from the national budget in 2010, pointing that the EU funding is significant for the development of Latvia's fishery industry.

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