

FAMILY FARMS IN LITHUANIA 2022

STRUCTURE OF THE AGRICULTURAL SECTOR

Holding* distribution by economic activities (2021)[§]

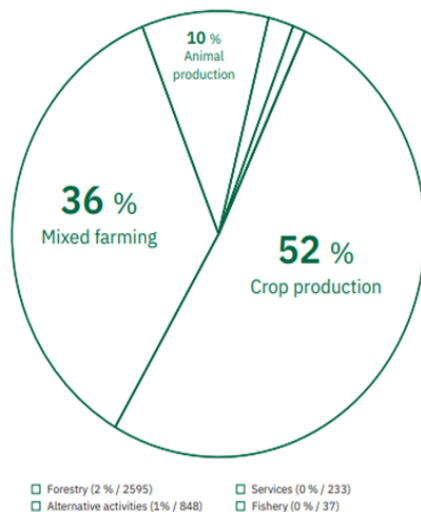


Figure 6: Holding distribution by economic activities (2021)

Lithuanian land – use by economical activities is characterized by 52 % arable cropping; 36 % of land is used for mixed farming; forests cover 37 %; animal production covers only 10 %; other is 3 %.

Farm distribution by economic activities (2021)[§]

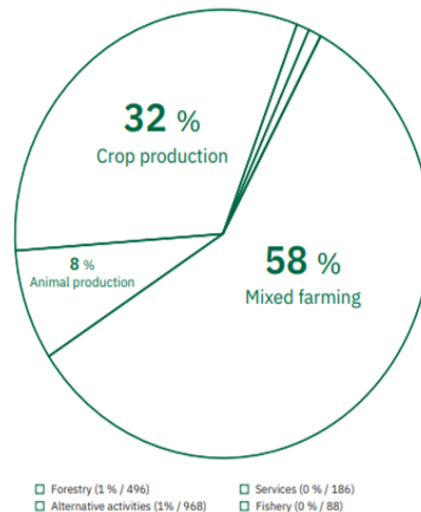


Figure 7: Farm distribution by economic activities (2021)

Farm distribution by economic activities: 58 % of farms are mixed; 32 % farms grows crop production; 8 % consists of animal production; other 2 %.

* Holdings – registered and eligible for EU and National support schemes.
Farms – registered as agricultural entity without necessarily applying for subsidy schemes.

⁴ See LAMMC Soil agrochemical research (2019).

⁵ See ŽŪIKVC Lithuanian agriculture semiannual statistical report (2021).

LITHUANIAN AGRICULTURAL AREA

Utilised agricultural area (the total cultivated area under arable land⁶ used by agricultural producers amounted to 3 million hectares in 2019.⁷ Arable land accounted for the largest share (2.2 million hectares). In 2019, against 2018, the utilised agricultural area increased by 0.9 per cent.

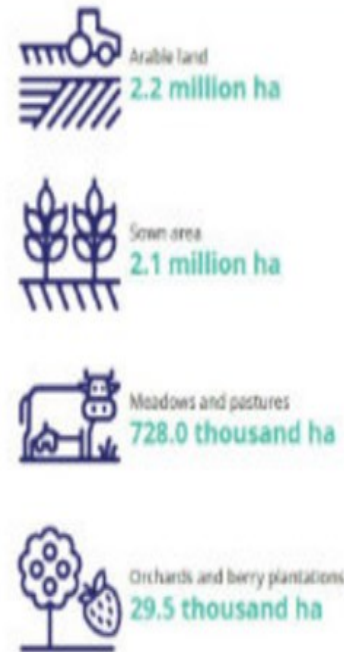


Figure 8: Lithuanian agricultural area (2019)

AVERAGE SIZE OF FARMS BY AGRICULTURAL LAND

Average size of farms by agricultural land / hectares (ha)

2007	2010	2013	2016	2020
11,6	13,8	16,8	19,6	22,2

Source: <https://osp.stat.gov.lt/statistiniu-rodikliu-analize?indicator=S9R116#/>

NUMBER OF FARMS

2007	2013	2016	2020
230 272	171 797	150 317	132 076

Source: https://osp.stat.gov.lt/statistiniu-rodikliu_analize?hash=8f5a548a-8f27-43c6-afdf-cff5a9f07518#/

THE MAIN CHALLENGES FACING AGRICULTURE:

- Energy crisis in agriculture
- Climate change challenges
- Reducing GHG emissions
- Decrease in the number of farms/aging of farms
- Amount of direct payments
- Soil erosion



THE MAIN CHALLENGES FACING AGRICULTURE:

- Distribution of support in agriculture
- Lack of workers in agriculture
- ES absorption of funds
- Lack of cooperation
- Reclamation problems



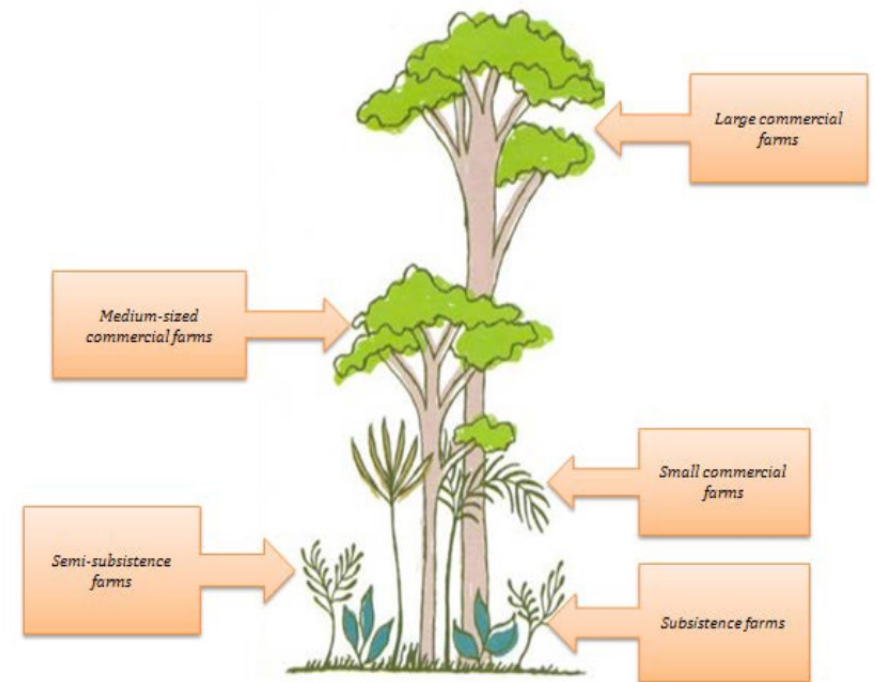
THE MAIN CHALLENGES FACING AGRICULTURE:

- Balancing the interests of protected areas and land/forest/building owners
- Breeding system
- Animal welfare issues
- Preferential and compensatory VAT



THE MAIN CHALLENGES FACING AGRICULTURE:

- Loss compensation schemes in different sectors
- Distribution of support in agriculture
- Problems of organic farming
- Short supply chains lack of supply



Neither the Constitution of the Republic of Lithuania nor any other legal act defines the term "Family Farm".



The legal status of a farmer's farm, the basis of its activities, the procedure for registration, state support and termination of operations are defined in the Law on the Farmer's Farm of the Republic of Lithuania (current version – <https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/TAIS.79911?jfwid=>).

TRANSFER OF FARMS

- The most common form of farm transfer is a gift, unless the parties have agreed that the new owner must pay an agreed amount of money for this transfer. In this case, a purchase-sale contract is concluded.
- Since most of the farm's assets are land and buildings, such a donation transaction must be concluded before a notary. All other property can be transferred by concluding a normal donation agreement, if the value of such property does not exceed 14,500 EUR.
- After concluding the real estate donation transaction, the new owner is registered in the Registry Center at the notary. After the donation, the former owner deregisters the farm from the Register of Farmers and transfers the property to the new owner. He registers the farm in the Register of Farmers' Farms in his own name.
- If the former owner of the farm was a VAT payer, he should deregister from the register of VAT payers if he does not plan to carry out other activities subject to VAT. In turn, the new owner should register in the register of VAT payers, if he had not registered before that time. In this case, the VAT code is not transferable.
- Under current law, gifts are not subject to additional tax if they are made by close relatives, such as father and son.

Strategic plan 2023–2027 for Agriculture and Rural Development of Lithuania



IDENTIFY PRIORITIES NEEDS

- Support for small and average for farms;
- Young farmers promotion etc.



STRATEGIC PLAN OF LITHUANIA GOALS

a.2 - Increase the viability of small and medium-sized farms by supporting their income more	In Lithuania, the income of farms varies greatly depending on the size of the farm (economic, physical). Small farms with economic size up to 25 thousand EUR or whose managed land area is up to 40 ha, income per family for a contingent worker, does not reach the average wage (net) in the country, so for these farms, which make up the largest share of all farms in the country, income support support would be very important. A more targeted allocation of support to small farms would help save more jobs on farms and to support farming activities throughout the country, thus strengthening the social and economic of the countryside the structure of areas.
a.4 - Increase the economic capacity of young farmers' farms	The structure of farms managed by young farmers is dominated by small farms. These farms generate little income and can exist only as partial employment farms. Without support, they do not have enough prerequisites for sustainable farms activities in the long term, therefore, in order to create favorable conditions for smooth generational change of land on the farm and for the continuity of farming traditions, it is important to increase the income and economic of young farmers' farms capacity

Lithuanian Agriculture and Rural Development 2023-2027 strategic plan budget



	Lithuanian Agriculture and Rural Development 2023-2027 strategic plan budget Rural development intervention measures	2023-2027, mln. Eur
1.	Organic farming	327,25
2.	Investments in agricultural holdings	200,00
3.	Investments in the processing of agricultural products (financial instruments)	10,00
4.	Short food supply chains	10,00
5.	Establishment of young farmers	75,00
6.	Establishment of young farmers (financial instruments)	20,00
7.	Development and cooperation of small-medium farms	45,00
8.	Small farm development and cooperation	15,00
9.	Basic direct payments	1164,67
10.	Additional direct income support for young farmers	69,81
11.	Additional redistributive income support to increase sustainability	602,45

NATIONAL SUPPORT

- National support - state aid for agriculture, food farming, fisheries and rural development provided from the Lithuanian state budget, de minimis aid and/or other support, intended for the implementation of program measures implemented by the Ministry of Agriculture (hereinafter - the Measure) specified in the rules to support activities.
- For each planned Measure, the Minister of Agriculture of the Republic of Lithuania or a competent institution approves the implementation rules (projects of their amendment), which determine the requirements for applicants, the conditions for providing support, the procedure for disbursement of support, etc.

Help during the COVID-19 outbreak



- Loans to ensure the liquidity of business entities during the COVID-19 outbreak;
- Reimbursement of interest and guarantee premium for the agricultural sector during the COVID-19 outbreak;
- Reimbursement of interest paid on unsecured loans and leasing services during the COVID-19 outbreak;
- Help for dairy farmers facing economic hardship due to the COVID-19 outbreak;
- Help for cattle keepers facing economic hardship due to the COVID-19 outbreak;
- Help for pig farmers facing economic hardship due to the COVID-19 outbreak;
- Help for vegetable growers facing economic difficulties due to the outbreak of COVID-19;
- Help for fur breeders who have suffered losses due to the outbreak of COVID-19;
- De minimis aid for fur breeders suffering losses due to the COVID-19 outbreak.

STATE AID

- Support for credit interest compensation
- Help with compensating insurance premiums
- Purchase of diesel fuel without excise duty (agricultural sector)
- Assistance in compensating losses due to the use of phytosanitary measures
- Support for the development of biofuel production
- Support for breeding
- Help to purchase purebred farm animals
- Aid for the removal and destruction of animal by-products
- Assistance in organizing and participating in agricultural exhibitions, trade fairs, competitions
- Support for consulting agricultural entities
- Support for knowledge transfer and information activities
- Assistance in compensating losses due to the destruction of the foci of bovine tuberculosis, bovine brucellosis, enzootic bovine leukosis
- Aid for compensation of losses incurred due to contagious animal diseases
- Loans to economic entities engaged in primary production for the purchase of agricultural machinery, equipment, breeding dairy heifers and genetic material
- Loans for victims of adverse climatic events



Financial needs in the
agriculture and agri-food
sectors in Lithuania



DE MINIMIS HELP



- Support for credit interest compensation (for credits taken for the purchase of short-term and/or biological assets)
- Assistance in reimbursing the security deposit
- Support for the promotion and sale of quality agricultural and food products
- Help to promote the production of quality agricultural products
- Support for participation in agricultural and food product exhibitions, fairs, presentations and business missions in foreign countries
- Providing assistance to beekeepers for additional bee feeding
- Support for purchased farm animals
- Assistance to pig keepers for the implementation of the requirements of biological security measures
- Loans to economic entities engaged in primary production for the purchase of agricultural machinery, equipment, breeding dairy heifers and genetic material

ADDITIONAL INFORMATION

The situation of small and medium-sized farms is extremely difficult - their income from agricultural business, per per family contingent worker, including subsidies, 2015-2019 accounted for less than half wages (net) to employees in all sectors of the country's economy. Accordingly, for these farms : Income support is very important. Herbivorous animals and dairy farms with net value added per contingent worker, (without payments) - one of the smallest farms among different farming areas.

ADDITIONAL INFORMATION

The effectiveness of support for small and medium-sized farms is limited, since most of it is allocated to the sector large farms receive part of the support. The largest farms (above 100 ha area), making up only 4.6 percent. all farms, almost 47 percent receive more. amounts paid out for all direct payments, while smaller farms (up to 50 ha), making up 91 percent. of all Lithuanian farms, receive less than 40 percent. (as of 2019)

THANK YOU FOR YOUR ATTENTION

