



Latvijas Republikas Zemkopības ministrija
Ministry of Agriculture of the Republic of Latvia

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On the experience of the Republic of Latvia in privatization of agricultural sectors

Referring to your questions, the Republic of Latvia Ministry of Agriculture is hereby providing information on the course of privatization of agricultural enterprises and companies providing agricultural services:

1. To carry out privatization of the State owned enterprises there were special laws adopted, regulating privatization of enterprises in agricultural and processing sectors, which governed the change in legal status of property used and held by enterprises:
 - “On privatization of agricultural enterprises and fishermen collective farms”;
 - “On privatization of agricultural services enterprises”;
 - “On privatization of State owned bakeries”;
 - “On privatization of meat processing enterprises”;
 - “On privatization of milk processing enterprises”.
2. According to the law “On privatization of agricultural services enterprises”, State amelioration construction companies, State companies providing services of agricultural machinery, State rural procurement companies (hereinafter referred to as “enterprises”) resulting in the changes of State ownership entity, namely, all the State owned companies were liquidated and property was sold to a new proprietor - newly founded private business entities.
3. Privatization stages and conditions:
 - 1) There was a privatization commission established at the Ministry for a respective enterprise. This commission acted on behalf of the State and it was accountable for its activities to the Ministry of Agriculture;

- 2) Enterprises in general or their parts were divided into technologically and organizationally inseparable entities containing property - fixed assets, current assets (hereinafter referred to as "privatization objects");
 - 3) The privatization commission evaluated the property of the privatization object;
 - 4) The commission approved privatization conditions of each privatization object;
 - 5) The commission approved the privatization project of each privatization object, the integral part of which was a business plan;
 - 6) Acquirers of the privatization property were:
 - agricultural sectoral cooperative companies (60% of the value);
 - an entrepreneurial company or an enterprise founded by employees of a respective enterprise (40% of the value);
 - 7) Objects were sold by means of a commercial act (sales-purchase act), paying in cash or with privatization vouchers.
4. In Latvia, currently there are no State agricultural (neither production nor services nor processing) enterprises.

After restoration of national independence, land titles were denationalized; in the result, all the land was returned to legitimate owners who were such on the moment of occupation by USSR – on June 17, 1940, or to their heirs. Ownerless land was sold to any interested party, excluding foreigners, in compliance with the Law On Privatization of Land.

In 1996, the researcher of the Latvian State Institute of Agrarian Economics (Dr.oec.Andris Miglavs, e-mail: andris@lvaei.lv) in cooperation with OECD published the research "Review of Agricultural Policies" which, in our opinion, could be useful for a further study of this issue. This publication is available in file address in Google clouds:

 [OECD0001.pdf](#)

We would like to apologize for delayed response but the processes you are interested in, have not been on the list of the Ministry's topical issues for more than 15 years, as well as there are hardly any officer left at the Ministry who is competent in this area, moreover all the documentation has long been archived. Therefore, for further inquiries please contact agrarian researchers at the Institute of Agrarian Economics of Latvia, e-mail: lvaei@lvaei.lv.

Yours sincerely

D. Lucaua
State Secretary

