

Full-cycle organic grain processing in Latvia - a model for sustainable agriculture

Improving organic grain processing infrastructure in Latvia.

EAFRD-funded projects

Location: Dobeles novads, Latvia

Programming period: 2014-2020

Priority: P2 - Competitiveness

Focus Area: Farm performance, restructuring & modernisation

Measures: M04 - Investments in physical assets

Funding: Total budget 22 694 000 (EUR)

EAFRD 3 395 92 (EUR)

National/Regional 1 598 080 (EUR)

Private/own 17 700 000 (EUR)

Timeframe: 03/21 - 12/22

Project promoter: AS Dobeles dzirnavnieks

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Summary

JSC Dobeles dzirnavnieks, a leading grain processor in Latvia, identified a need for better infrastructure to support the country's growing organic agriculture sector. To address this, the company initiated a project to establish a full-cycle organic grain processing system in strategic partnership with the Latvian Ministry of Agriculture and with the appreciation and support of organic farmers. The project involved constructing new facilities for organic grain processing, expanding storage capacity with new silos and creating a dedicated plant for organic cereal flake production. The initiative aimed to enhance the value of Latvia's organic agriculture, improve the stability and competitiveness of local farmers and boost the export potential of organic products with high added value.

Project results

- This project set out to boost Latvian organically grown grain production to 10% by 2026, up from 3% at the planning phase. By 2023, this figure had already risen to 16%, placing Latvia among the top six organic grain producers in the EU.

- Thanks to the new infrastructure, the amount of organic grain processed by Dobeles dzirnavnieks has already exceeded 40 000 tonnes, which is six times the amount processed in 2017. The company has already exceeded its estimates for 2024 and is projected to handle around 65 000 tonnes of organic grain.

Key lessons and recommendations

- The success of Dobeles dzirnavnieks proves that organic farming not only benefits the environment but also offers economic advantages to farmers and contributes to a sustainable food system.

Context

Established in 1976, JSC Dobeles dzirnavnieks is now one of the leading organic grain processors in the Baltics and one of the largest pasta producers in Northern Europe. With a workforce of around 300 employees and a 17-hectare facility, the company has experienced rapid growth over the past decade. This growth has been facilitated by EU co-financing, which has enabled the expansion of production facilities, the diversification of the product range, and the modernisation of logistics and trade processes.





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Dobeles dzirnavnieks is currently the largest producer of bioflakes and the only producer of organic fodder in Latvia. The company manages a comprehensive grain operation, from purchasing and storage - boasting a capacity of over 230 000 tonnes - to the processing and production of a variety of food products, including flour, pasta and cereal flakes. Despite this growth, the Latvian organic agriculture sector has faced challenges due to a lack of infrastructure for the pre-processing and processing organic grains.

To address these challenges, Dobeles dzirnavnieks developed a project in strategic collaboration with the Latvian Ministry of Agriculture, the Association of Latvian Organic Agriculture and other stakeholders. This initiative aimed to create a full-cycle processing system for organic grains, thus supporting the long-term growth of Latvian organic agriculture and sending a strong signal to local farmers about the viability of organic grain cultivation.

Objectives

The project aimed to address bottlenecks in Latvia's organic agriculture sector caused by limited pre-processing and processing infrastructure.

By establishing a full-cycle processing system for organic grains, Dobeles dzirnavnieks sought to add significant value to the organic agricultural sector, fostering stability for local farmers and enhancing the competitiveness of Latvian organic products in the global market. The main objective was to promote the growth of organic agriculture, encourage sustainable farming practices and increase the export potential of high-value organic products.

Activities

The project included several key activities:

- Construction of organic grain facilities - Building new structures specifically designed for the reception of deliveries and the initial cleaning of organic grains.
- Implementation of pre-treatment technologies - Introducing advanced pre-treatment technologies to improve the quality and efficiency of organic grain processing.
- Expansion of storage capacity - Establishing five wet bio-grain silos and fourteen dry bio-grain silos, along with related technological equipment, to accommodate the increased volume of organic grains.
- Creation of a dedicated organic cereal flakes plant - Setting up a new production facility equipped with state-of-the-art technological lines and packaging equipment specifically for organic cereal flakes.

These initiatives were driven by JSC Dobeles dzirnavnieks, in partnership with the Latvian Ministry of Agriculture, the Association of Latvian Organic Agriculture and other key stakeholders.

Main results

- Thanks to the new infrastructure, the amount of organic grain processed by Dobeles dzirnavnieks has already exceeded 40 000 tonnes, which is six times the amount processed in 2017. The company has exceeded its estimates for 2024 and is projected to handle around 65 000 tonnes of organic grain, sourced from over 300 farms across the country.
- This project set out to boost Latvian organically grown grain production to 10% by 2026, up from 3% at the planning phase. By 2023, this figure had already risen to 16%, placing Latvia among the top six organic grain producers in the EU. Moreover, more than 95% of the organic cereal flakes produced are intended for export, enhancing Latvia's presence in the global market for high-value organic products and promoting sustainable agricultural practices.



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Key lessons and recommendations

- The growing demand for organic grains highlights the resilience and potential of the organic sector, even amid challenges such as price fluctuations and geopolitical tensions. Although the number of organic grain suppliers slightly decreased in 2023, the amount of organic grain purchased by the company continues to grow each year, and demand for it remains strong.
- The success of Dobeles dzirnavnieks illustrates the viability of investing in organic agriculture, which aligns with the goals of the EU Green Deal and Latvia's Action Plan for Organic Agriculture 2023-2030.
- Organic farming not only benefits the environment but also offers economic advantages to farmers and contributes to a sustainable food system. Despite initial setbacks, the market demand for organic grains rebounded, underscoring the importance of organic agriculture in meeting global food and environmental standards.

Quote

“This is a win-win. First of all, it is a benefit to the environment, farming organically, environmentally friendly. The second is the benefit to the farmers themselves. The consumption is growing year by year, and the society really understands the importance of organic farming and the importance of organic food in the diet”.

Gustavs Norkārklis, formal chairman of the board of the Latvian Association of Organic Agriculture

Additional information:

Website:

<https://dobelemill.eu/>

Facebook:

www.facebook.com/DobelesDzirnavnieks/

Instagram:

www.instagram.com/dobelesdzirnavnieks/

