

Procedures for the Recognition of Producer Organisations in the Milk and Milk Products Sector and Monitoring of Their Performance

*Issued pursuant to
Section 9, Paragraph three of
the Law On Agriculture and Rural Development*

I. General Provisions

1. This Regulation prescribes the criteria for the recognition of producer organisations in the milk and milk products sector, the recognition procedures and the performance conditions, as well as control of producer organisations.
2. A producer organisation in the milk and milk products sector shall be:
 - 2.1. a milk producer organisation conforming to Article 126a(1) of Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) (hereinafter – Regulation No 1234/2007);
 - 2.2. an association of the milk producer organisations referred to in Sub-paragraph 2.1 of this Regulation and recognised, in accordance with Chapter II of this Regulation;
 - 2.3. a milk interbranch organisation conforming to Article 126b(1) of Regulation No 1234/2007.
3. A producer organisation in the milk and milk products sector shall be recognised by the Rural Support Service (hereinafter – Service).

II. Procedures for the Recognition of Milk Producer Organisations and Their Associations and Monitoring of Their Performance

4. The milk producer organisation referred to in Sub-paragraph 2.1 of this Regulation (hereinafter – producer organisation) may apply for the status of a recognised milk producer organisation, if the number of its members is at least 10 and the volume of marketable production per year is at least 125 tonnes of raw milk purchased by the producer organisation from its members for resale or covered by contractual negotiations by the producer organisation on behalf of its members with a milk processor.
5. The association referred to in Sub-paragraph 2.2 of this Regulation may apply for the status of an association of recognised milk producer organisations, if the number of its members is at least five and the volume of marketable production per year is at least 625 tonnes of raw milk purchased by the association from its members for resale or covered by contractual negotiations by the association on behalf of its members with a milk processor.

6. In order to apply for the recognition of a milk producer organisation, the producer organisation shall submit to the Service an application for recognition (Annex 1) in the form of an electronic document or in printed form and a copy of the members' agreement on membership in the producer organisation.

7. An agricultural service cooperative society, which has been granted a conformity status in accordance with the laws and regulations regarding the documents necessary for registration of an agricultural service cooperative society and the conformity assessment of such cooperative society and which applies for the recognition of a milk producer organisation, shall only fill out Paragraph 10 in Section A.1, leaving Section A.2 empty, and append the conformity assessment by the Latvian Agricultural Cooperatives Association to the documents referred to in Paragraph 6 of this Regulation.

8. The Service shall take one of the following decisions:

8.1. to accept the application for recognition and to recognise a milk producer organisation;

8.2. to reject the application for recognition, if:

8.2.1. the producer organisation does not conform to the requirements referred to in Paragraphs 4 and 5 of this Regulation;

8.2.2. during verification of the information indicated in the application for recognition it has been ascertained that it is incorrect.

9. In order to take one of the decisions referred to in Paragraph 8 of this Regulation, the Service shall assess the following:

9.1. the documents referred to in Paragraphs 6 and 7 of this Regulation;

9.2. the statutes of the producer organisation;

9.3. registration of the producer organisation with the Commercial Register or the Register of Enterprises;

9.4. the annual report of the producer organisation (for the last complete year prior to lodging the application for recognition). If the producer organisation has been established less than a year prior to lodging the application for recognition, the Service shall assess annual reports of members of the producer organisation or annual declarations of revenue of members – natural persons who are registered with the State Revenue Service as performers of economic activities in accordance with Paragraph 5, Section A.1 of Annex 1 to this Regulation;

9.5. the volume of raw milk purchased and resold for processing by the producer organisation, as well as the conformity of its members with a status of milk producer, and the volume of raw milk sold thereby.

10. If all the necessary information has not been indicated in the application for recognition, the Service shall request it from the producer organisation in writing. The producer organisation shall submit the additional information requested within 10 working days after receipt of the request.

11. The Service shall, once in 12 months, carry out the checks referred to in Article 126a(4)(b) of Regulation No 1234/2007. The Service shall obtain information regarding conformity of the agricultural service cooperative societies referred to in Paragraph 7 of this Regulation with the requirements for recognition of a milk producer organisation from the Latvian Agricultural Cooperatives Association.

12. If during the checks referred to in Paragraph 11 of this Regulation or according to the information provided by the Latvian Agricultural Cooperatives Association the Service

ascertains that the producer organisation does not conform to the requirements laid down in Paragraphs 4, 5 and 7 of this Regulation or Article 126a(1) of Regulation No 1234/2007, the producer organisation shall rectify the non-conformity within 30 days after receipt of the check results. If non-conformities are not rectified within the determined period of time, the Service shall revoke the status of a recognised milk producer organisation.

13. The producer organisation has the right to repeatedly request recognition of a milk producer organisation not earlier than three months after the day when the decision to revoke the recognition status was taken.

14. The Service shall, within five working days after taking of a decision to recognise a milk producer organisation or to revoke the recognition status, inform the Competition Council regarding:

14.1. the recognition of the milk producer organisation, providing the information referred to in Sections A.2, A.3 and B2 of Annex 1 to this Regulation;

14.2. the revocation of the status of a recognised milk producer organisation in accordance with Paragraphs 12, 17 and 22 of this Regulation.

15. The producer organisation shall inform the Service in writing of any changes in its statutes of association and its performance, if it concerns the information provided in Annex 1 to this Regulation, within five working days after such changes are performed.

16. The Service shall, within 10 working days after receipt of the information referred to in Paragraph 15 of this Regulation, assess and inform the producer organisation, if it has ascertained a non-conformity thereof with the recognition requirements.

17. The producer organisation shall, within 10 working days after receipt of the information referred to in Paragraph 16 of this Regulation, rectify the non-conformities established. If non-conformities are not rectified within the determined period of time, the Service shall revoke the status of a recognised milk producer organisation.

18. The producer organisation is entitled to conduct the negotiations referred to in Article 126c(1) of Regulation No 1234/2007 (hereinafter – contractual negotiations) on contracts for the delivery of raw milk produced on the farm of its members.

19. The producer organisation shall notify the notifications of the volumes of raw milk covered by contractual negotiations referred to in Article 2(1) and (2) of Regulation No 511/2012 to the Service together with the request for recognition, indicating the relevant volume in Section B.2 of the application referred to in Paragraph 6 of this Regulation, or prior to commencing contractual negotiations by sending information to the Service electronically in accordance with Section B.2 of the application referred to in Paragraph 6 of this Regulation.

20. The Service shall, within five working days, assess the conformity of information provided in the notification referred to in Paragraph 19 of this Regulation with the requirements laid down in Article 126c(2)(c), (d) and (e) of Regulation No 1237/2007, apply the seasonal coefficients determined in Annex 2 to this Regulation and inform the producer organisation if a non-conformity of the producer organisation with the recognition requirements has been established.

21. The Service shall, within five working days after receipt of the notification referred to in Paragraph 19 of this Regulation, inform the Competition Council of the volume of milk determined in the notification.

22. In accordance with Article 126c(6) of Regulation No 1234/2007 the Competition Council has the right to request that the producer organisation revises the conditions of the contractual negotiations or terminates the contractual negotiations and informs the Competition Council and the Service regarding termination of negotiations or the changed conditions within 15 working days after receipt of the request. If the requirements laid down by the Competition Council are not fulfilled within 15 working days, the Service shall revoke the status of a recognised milk producer organisation.

23. A person authorised by the producer organisation shall, within five working days after entering into a contract in the electronic notification system of the Agricultural Data Centre, provide the following information to the Service and Data Centre:

23.1. the number of the contract;

23.2. the duration of the contract;

23.3. the volume of milk to be purchased and the time period for delivery laid down in the contract;

23.4. the name and registration number of the other contracting party;

23.5. the personal identity number (for a natural person) or registration code (for a natural person performing economic activities), or the registration number (for a legal person), of the producer, if the other contracting party is a purchaser in accordance with the laws and regulations regarding administration of milk quotas and a contract has been entered between the producer and the purchaser.

24. The producer organisation, which has valid contracts for delivery of milk on the day of granting recognition of a milk producer organisation, shall notify the information referred to in Paragraph 23 of this Regulation to the Service in writing within five working days after a decision to recognise a milk producer organisation has entered into effect.

25. The contracting party referred to in Sub-paragraph 23.4 of this Regulation shall:

25.1. confirm the existence of such contract and veracity of terms thereof upon request of the Agricultural Data Centre;

25.2. inform the Service and the Agricultural Data Centre regarding termination of the contract within five working days after termination thereof.

III. Procedures for the Recognition of Interbranch Organisations and Monitoring of Their Performance

26. The interbranch organisation referred to in Sub-paragraph 2.3 of this Regulation, which has been registered in accordance with the Associations and Foundations Law and conforms to the conditions of Article 126b(1) of Regulation No 1234/2007 as certified by its statutes of association, may apply for the status of a recognised milk interbranch organisation.

27. Within the meaning of Article 126b(1)(c) of Regulation No 1234/2007 a significant part of economic activities shall include the following:

27.1. sale of at least 500 tonnes of raw milk within the last 12 months – for members of an interbranch association who are milk producers;

27.2. processing of at least 5 000 tonnes of milk within the last 12 months – for members of an interbranch organisation whose activities include milk processing and production of milk products;

27.3. turnover of at least 100 000 lats within the last 12 months – for each member of an interbranch organisation whose activities include trade in milk products (including raw milk).

28. In order to apply for the recognition of a milk interbranch organisation, the interbranch organisation shall lodge an application for recognition (Annex 3) to the Service in the form of an electronic document or in printed form and a copy of an agreement of its members to membership in the interbranch organisation.

29. The Service shall take one of the following decisions:

29.1. to accept the application for recognition of an interbranch organisation and to recognise a milk interbranch organisation;

29.2. to reject the application for recognition, if:

29.2.1. the interbranch organisation does not conform to the requirements referred to in Paragraphs 26 and 27 of this Regulation;

29.2.2. during verification of the information indicated in the application for recognition it has been ascertained that it is incorrect.

30. In order to take any of the decisions referred to in Paragraph 29 of this Regulation, the Service shall assess:

30.1. the application referred to in Paragraph 28 of this Regulation;

30.2. the statutes of the interbranch organisation;

30.3. registration of the interbranch organisation with the Register of Associations and Foundations;

30.4. the annual report of the interbranch organisation (for the last complete year prior to lodging the application for recognition). If the interbranch organisation has been established less than a year prior to lodging the application for recognition, the Service shall assess the annual reports of members or annual declarations of revenue of members of the interbranch organisation;

30.5. the volume of raw milk purchased, sold, and processed by members of the interbranch organisation, as well as retail turnover.

31. If all the necessary information has not been indicated in the application for recognition, the Service shall request it from the interbranch organisation in writing. The interbranch organisation shall submit the requested information to the Service within 10 working days after receipt of the request.

32. The Service shall, once in 12 months, carry out the checks referred to in Article 126b(3)(b) of Regulation No 1234/2007.

33. If during the checks referred to in Paragraph 32 of this Regulation the Service ascertains that the interbranch organisation does not conform to the requirements laid down in Paragraphs 26 and 27 of this Regulation and Article 126b(1) of Regulation No 1234/2007 in relation to the recognition of a milk interbranch organisation, the interbranch organisation shall rectify the non-conformities within 30 days after receipt of the check results. If non-conformities are not rectified within the determined period of time, the Service shall revoke the status of a recognised milk interbranch organisation.

34. An interbranch organisation shall inform the Service in writing of any changes in its performance, which affect or may affect its conformity with the requirements for recognition of a milk interbranch organisation, within five working days after occurrence of such changes.

35. The Service shall, within 10 working days after receipt of the information referred to in Paragraph 34 of this Regulation, assess it and inform the interbranch organisation, if a non-conformity thereof with the requirements for the recognition of a milk interbranch organisation has been established.

36. An interbranch organisation shall, within 15 working days after receipt of the information referred to in Paragraph 35 of this Regulation, rectify the non-conformities established. If non-conformities are not rectified within the determined period of time, the Service shall revoke the status of a recognised milk interbranch organisation.

37. The Service shall, within five working days after taking of a decision to recognise a milk interbranch organisation or to revoke the recognition status, inform the Competition Council regarding:

37.1. the recognition of the milk interbranch organisation, also providing the information referred to in Sections A.2, A.3, A.4 and B of Annex 3 to this Regulation;

37.2. the revocation of the status of a recognised milk interbranch organisation in accordance with Paragraphs 33, 36 and 39 of this Regulation.

38. If the Competition Council ascertains an infringement of the competition law in performance of a recognised interbranch organisation, it shall inform the Service of the infringement within 10 working days after ascertaining thereof.

39. Upon receipt of the information referred to in Paragraph 38 of this Regulation the Service shall revoke the status of a recognised milk interbranch organisation.

40. An interbranch organisation has the right to repeatedly request recognition of a milk interbranch organisation not earlier than three months after the day when a decision to revoke the recognition status was taken.

Prime Minister

V. Dombrovskis

Minister for Agriculture

L. Straujuma

**Part A. CONFORMITY OF THE PRODUCER ORGANISATION WITH THE
REQUIREMENTS FOR THE RECOGNITION OF A MILK PRODUCER
ORGANISATION**

Important!

In accordance with Cabinet Regulation No. 73 of 9 January 2013, Regulations Regarding Conformity Assessment of Agricultural Service Cooperative Societies and Forestry Service Cooperative Societies, the assessed agricultural service cooperative societies shall only fill out Paragraph 10 of Section A.1 of this Part.

In such case a letter from the Latvian Agricultural Cooperatives Association concerning the received assessment shall be attached to the application.

2. An association of recognised milk producer organisations need not fill out Paragraphs 2, 3, 4, 5, 6, 8 and 9 of Section A.1 of this Part.

A.1. Performance of a milk producer organisation (an association of recognised milk producer organisations) conforms to the following criteria:			
No.	Criterion	Assessment	
		Yes	No
1.	<ul style="list-style-type: none"> • The number of members of the producer organisation on the day of lodging the application is at least 10 (according to Section A.2) • The number of members of an association of recognised milk producer organisations is not less than 5 	[]	[]
2.	Members of the producer organisation are milk producers (according to table A.2) who are not engaged in treating and processing of raw milk and production of milk products, except home-based production. They do not purchase raw milk from other producers for home-based production and do not include the volume of the raw milk necessary for production in the volume of the raw milk referred to in Paragraph 7	[]	[]
3.	The producer organisation does not have tax debts on the day of lodging the application or they do not exceed 150 euros	[]	[]
4.	The majority of the board of directors of the producer organisation consists of members of the association, or a council has been established in the organisation if the majority of the board of directors consists of persons who are not members of the organisation	[]	[]
5.	The producer organisation (legal person) has been registered with the Register of Enterprises. If the producer organisation has not worked for a complete accounting year, 80 % of the founders of the producer organisation have been performers of economic activities in the milk production sector for at least three years prior to its registration	[]	[]
6.	No insolvency proceedings have been declared in relation to the producer organisation or it is not undergoing the process of liquidation according to the information of the Commercial Register on the day of lodging the application	[]	[]
7.	According to Section A.2, the minimum volume of raw milk covered by contractual negotiations ¹ is 125 tonnes for a milk producer organisation or 625 tonnes for an association of recognised milk producer organisations	[]	[]

8.	Only the raw milk produced by members of the producer organisation in farms is covered by contractual negotiations by the producer organisation	<input type="checkbox"/>	<input type="checkbox"/>
9.	At least 75 % of the volume of raw milk to be sold by each member of the producer organisation are covered by contractual negotiations by the producer organisation (according to the statutes of the producer organisation)	<input type="checkbox"/>	<input type="checkbox"/>
10.	The producer organisation has statutes which confirm the conformity with Paragraphs 1, 2, 8 and 9 of this table.	<input type="checkbox"/>	<input type="checkbox"/>

Note.¹ The volume of raw milk covered by contractual negotiations is the volume of raw milk which is purchased by an association of producer organisations or of recognised milk producer organisations from milk producers for resale thereof to a processor, or covered by contractual negotiations by the association of producer organisations on behalf of milk producers.

A.2. List of members of producer organisations and volume of raw milk produced by members and covered by contractual negotiations by the organisation within the last 12 months prior to lodging the application			
No.	Member of the producer organisation (for a natural person – the given name, surname; for a legal person – the name)	Registration code (personal identity number) or registration number	Volume of raw milk, tonnes (for a newly established producer organisation the planned volume of milk shall be indicated)
1	2	3	4
1.			
2.			
3.			
4.			
5.			
6.			
In total:			

Part B. PLANNED ACTIVITIES FOR THE PRODUCER ORGANISATION

B.1. Objectives of the producer organisation (association of recognised milk producer organisations)		
Objective (several objectives may be marked)		Description of activities for achieving the objective (may include information regarding market research, introduction of technologies, provision of services necessary for production to members, creation or improvement of a system for collecting raw milk, etc.)
1. Production planning and adjusting to demand	<input type="checkbox"/>	
2. Concentrating of the supply and placing on the market of	<input type="checkbox"/>	

Seasonal Coefficients Applicable to the Volume of Raw Milk Covered by Contractual Negotiations by Recognised Milk Producer Organisations or Associations Thereof

January	February	March	April	May	June	July	August	September	October	November	December
7 %	6 %	7 %	7 %	9 %	9 %	10 %	10 %	10 %	9 %	8 %	8 %

Minister for Agriculture

L. Straujuma

3.	None of members of the interbranch organisation are undergoing insolvency proceedings or they are not undergoing the process of liquidation according to the information of the Commercial Register on the day of lodging the application	<input type="checkbox"/>	<input type="checkbox"/>
4.	The majority of the board of directors of the interbranch organisation consists of members of the organisation	<input type="checkbox"/>	<input type="checkbox"/>
5.	Members of the interbranch organisation who are milk producers have carried out production and processing of or direct trade in milk (raw milk) and milk products for at least three years prior to lodging the application	<input type="checkbox"/>	<input type="checkbox"/>
6.	The total volume of raw milk (for processing and/or direct trade in milk equivalents) by members of the interbranch organisation has been at least 500 tonnes within the last 12 months prior to lodging the application	<input type="checkbox"/>	<input type="checkbox"/>
7.	Members of the interbranch organisation whose activities include milk processing and/or production of milk products have together purchased and processed at least 5 000 tonnes of milk within the last 12 months prior to lodging the application	<input type="checkbox"/>	<input type="checkbox"/>
8.	Each member of the interbranch organisation whose activities include trade in and/or distribution of milk products has had a turnover of at least 100 000 lats within the last 12 months	<input type="checkbox"/>	<input type="checkbox"/>
9.	The interbranch organisation will operate in at least one of the performance directions referred to in Part B	<input type="checkbox"/>	<input type="checkbox"/>
10.	The interbranch organisation has statutes which certify the conformity with Paragraphs 1, 5, 6, 7, 8 and 9 of this table, as well as Part B	<input type="checkbox"/>	<input type="checkbox"/>

A.2. Information regarding members of the interbranch organisation who carry out production of raw milk

No.	Member (name of legal person)	Registration code (personal identity number)/registration number
1	2	3
1.		
2.		
3.		
4.		

A.3. Information regarding persons involved in the interbranch organisation who carry out milk processing and/or production of milk products

No.	Member (name of the legal person)	Registration number
1	2	3
1.		
2.		
3.		
4.		

A.4. Information regarding persons involved in the interbranch organisation who carry out trade in milk products		
No.	Member (name of legal person)	Registration number
1	2	3
1.		
2.		
3.		
4.		

Part B. PLANNED ACTIVITY DIRECTIONS OF THE INTERBRANCH ORGANISATION

(activities already implemented, if any, may be indicated as well)

No.	Activity direction (several may be marked)	Description of activity for achieving the objectives
1.	To improve the knowledge and transparency of production and the market, including by publishing statistical data on prices, volumes and duration of contracts entered into for the delivery of raw milk, and by providing analyses of the potential future market developments at regional, national and international level	<input type="checkbox"/>
2.	To co-ordinate placing of milk and milk sector products on the market, as well as to improve co-ordination on the basis of research and market studies carried out	<input type="checkbox"/>
3.	To promote consumption of, and to provide information regarding, milk and milk products in both internal and external markets	<input type="checkbox"/>
4.	To explore the potential export markets	<input type="checkbox"/>
5.	To draw up standard contracts conforming to the regulatory enactments of the European Union regarding the sale of raw milk to purchasers and/or the supply of processed milk products to distributors and retailers, taking into account the need to achieve fair conditions of competition and to avoid market distortions	<input type="checkbox"/>

6.	To provide information and to carry out the research necessary to adjust production in favour of products more suited to market requirements and consumer tastes and expectations, in particular with regard to the product quality and environmental protection	[]	
7.	To maintain and develop the production potential of the milk sector, inter alia, by promoting innovation and supporting programmes for applied research and development in order to exploit the full potential of milk and milk products and create value-added products which are more attractive to the consumer	[]	
8.	To look for ways of restricting the use of veterinary products, promoting the use of other substances and improving the hygiene of milk production and animal health	[]	
9.	To develop methods and means for improving the product quality at all stages of production and marketing	[]	
10.	To exploit the potential of organic farming, to protect and promote such farming, as well as the production of such products which have a designation of origin, quality label and geographical indication	[]	
11.	To promote integrated production or other environmentally sound production methods	[]	

Certification of a representative of the interbranch organisation

I hereby certify that the information submitted in accordance with Cabinet Regulation No. 80 of 5 February 2013, Procedures for the Recognition of Producer Organisations in the Milk and Milk Products Sector and Monitoring of Their Performance, is correct and does not contain false data. I am aware of the liability for providing false data established in accordance with the laws and regulations of the Republic of Latvia.

(given name, surname)

(signature¹)

(date¹)

Note. ¹ The details of the document “signature” and “date” shall not be completed if the electronic document has been drawn up in conformity with the laws and regulations regarding drawing up of electronic documents.

Minister for Agriculture

L. Straujuma