# Latvia's agriculture sector pushes for risk fund amid rising climate crisis and farmer disagreements



In Latvia, the urgency for a dedicated risk fund to support farmers grappling with climate-related adversities has become increasingly apparent. Agriculture Minister Armands Krauze remarked on the necessity of establishing such a fund capable of providing compensation for future losses due to natural disasters. Speaking to the LETA news agency, Krauze noted the European Commission's growing reluctance to continue compensating member states for recurrent losses and its inclination for individual nations to develop self-sustaining financial strategies to address these risks.

Krauze previously encouraged farmers to unite in establishing a risk fund following a series of devastating weather events, including a severe storm and significant rainfall last July that severely affected agricultural output. However, discussions around this initiative stalled in November 2022 due to deep-seated disagreements among farmers regarding funding mechanisms. Guntis Gūtmanis, the Chairman of the Council of Cooperation of Agricultural Organizations (LOSP), shed light on the discord, emphasising the lack of consensus on contribution amounts and sources. He proposed two potential funding pathways: individual contributions from farmers or adjustments to existing EU support payments. Both options met with resistance, highlighting farmers' divergent experiences concerning insurance coverage—those insured often view a risk fund as redundant, while those without insurance see it as a critical necessity.

The broader context highlights a worrying trend for Latvia's agricultural sector, with only around 30% of farmland currently insured against climate risks. A significant barrier lies in financial constraints and a general lack of understanding of risk management among farmers. Krauze's advocacy for a national risk fund is partly aimed at addressing the insurance gap, particularly in sectors like fruit and vegetable farming, where insurance options are limited.

Indeed, the impacts of climate change on agriculture have been stark. Recent severe weather, including flooding from heavy rain and late spring frosts, has threatened this year's harvest, especially in the fruit sector. The Ministry of Agriculture has been tasked with assessing these damages, to be followed by a request for emergency EU aid to assist the farmers affected.

This scenario is not unique to Latvia but is part of a larger pattern across the European Union, where extreme weather events are costing farmers an estimated €28.3 billion annually—about 6% of the EU's total agricultural production. Alarmingly, only 20-30% of these losses are insured, rendering most farmers exposed to the full brunt of climatic unpredictability. As climate risks escalate, experts predict that without robust climate action, crop losses could rise dramatically, even as the European Commission urges member states to utilise farming subsidies more effectively to mitigate such risks.

Additionally, recent protests by farmers across Europe underscore mounting frustrations with volatile market conditions and regulatory pressures. Many farmers are demanding reforms to the Common Agricultural Policy, which has been challenged amidst calls for sustainability. As farmers continue to advocate for fairer policies and better support mechanisms, the pressing need for proactive solutions like risk funds becomes all the more critical for the future stability of the agricultural sector both in Latvia and beyond.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://bnn-news.com/farmers-losses-increase-but-no-fund-exists-is-latvia-ready-for-climate-risks-268410), [[4]](https://www.reuters.com/sustainability/cop/extreme-weather-costs-eu-farmers-28-billion-euros-year-eu-says-2025-05-20/)
* Paragraph 2 – [[1]](https://bnn-news.com/farmers-losses-increase-but-no-fund-exists-is-latvia-ready-for-climate-risks-268410), [[2]](https://eng.lsm.lv/article/economy/economy/31.01.2024-latvian-farmlands-mainly-uninsured.a541007/), [[5]](https://www.ft.com/content/c642343b-589e-4347-9a7f-ff04b83728ff)
* Paragraph 3 – [[6]](https://www.reuters.com/sustainability/climate-energy/eu-proposes-curbing-more-green-rules-farming-subsidies-2025-05-14/), [[7]](https://www.reuters.com/sustainability/cop/extreme-weather-costs-eu-farmers-28-billion-euros-year-eu-says-2025-05-20/)

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://bnn-news.com/farmers-losses-increase-but-no-fund-exists-is-latvia-ready-for-climate-risks-268410> - Please view link - unable to able to access data
2. <https://eng.lsm.lv/article/economy/economy/31.01.2024-latvian-farmlands-mainly-uninsured.a541007/> - In Latvia, only about 30% of agricultural land is insured, leaving the majority vulnerable to climate-related risks. The reluctance to insure stems from financial constraints and limited understanding of risk management among farmers. Agriculture Minister Armands Krauze has advocated for the establishment of a national risk fund to support farmers in areas where insurance is not feasible, such as fruit and vegetable farming. This fund would aim to provide a safety net for farmers facing losses due to natural disasters and other risks.
3. <https://www.reuters.com/sustainability/climate-energy/eu-proposes-curbing-more-green-rules-farming-subsidies-2025-05-14/> - The European Commission has proposed further easing environmental regulations tied to farming subsidies under the EU's Common Agricultural Policy (CAP). This move aims to reduce farmers' regulatory burdens and could save them up to €1.58 billion annually. Proposed changes include exempting smaller farmers from basic environmental requirements and allowing farms to remove up to 10% of permanent grasslands. Critics argue that these changes could harm ecosystems and reduce climate resilience, highlighting the ongoing debate over balancing agricultural support and environmental sustainability.
4. <https://www.reuters.com/sustainability/cop/extreme-weather-costs-eu-farmers-28-billion-euros-year-eu-says-2025-05-20/> - Extreme weather events, driven by climate change, are costing the European Union's agriculture sector an average of €28.3 billion annually, equating to 6% of its total crop and livestock production. Only 20-30% of these losses are insured, leaving most farmers without adequate financial protection. The EU has called on member states to utilize farming subsidies more effectively to address climate risks. Without stronger climate action, average crop losses could rise by up to 66% by 2050, with droughts currently responsible for over half of the damages.
5. <https://www.ft.com/content/c642343b-589e-4347-9a7f-ff04b83728ff> - Farmers across the EU have been escalating their protests against volatile prices, high costs, restrictive legislation, and unfair competition by blocking highways, setting fires, and ransacking food distribution. These actions reflect their discontent with the Common Agricultural Policy (CAP) reforms and pressure from the Green Deal climate law, resulting in temporary concessions from the European Commission, such as exemptions from conservation rules and revisions of pesticide use reduction targets. However, these protests have also sparked political concerns, as they may benefit far-right parties in upcoming EU elections.
6. <https://www.reuters.com/sustainability/climate-energy/eu-proposes-curbing-more-green-rules-farming-subsidies-2025-05-14/> - The European Commission has proposed further easing environmental regulations tied to farming subsidies under the EU's Common Agricultural Policy (CAP). This move aims to reduce farmers' regulatory burdens and could save them up to €1.58 billion annually. Proposed changes include exempting smaller farmers from basic environmental requirements and allowing farms to remove up to 10% of permanent grasslands. Critics argue that these changes could harm ecosystems and reduce climate resilience, highlighting the ongoing debate over balancing agricultural support and environmental sustainability.
7. <https://www.reuters.com/sustainability/cop/extreme-weather-costs-eu-farmers-28-billion-euros-year-eu-says-2025-05-20/> - Extreme weather events, driven by climate change, are costing the European Union's agriculture sector an average of €28.3 billion annually, equating to 6% of its total crop and livestock production. Only 20-30% of these losses are insured, leaving most farmers without adequate financial protection. The EU has called on member states to utilize farming subsidies more effectively to address climate risks. Without stronger climate action, average crop losses could rise by up to 66% by 2050, with droughts currently responsible for over half of the damages.