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Policy Recommendations for the Development of Entrepreneurship Related to Equine Industry

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1. Objective, tasks and methods of elaboration of policy recommendations

- 1.1. The **objective** of policy recommendations is to support the competitive development of the entrepreneurship related to the equine industry and the use of horses (hereinafter – the industry) in the Central Baltic region by providing proposals for elaboration of sector related policy documents of different levels and improvement of the current legal framework.
- 1.2. The **informational basis** for the development of the recommendations is the materials of interviews and discussions conducted within the framework of the project of Central Baltic Sea Region of the INTERREG IVA program 2007-2013 „Equine industries promoting economically competitive and innovative regions” (No cb48; InnoEquine), reports, as well as individual interviews with the experts involved in policy making. Analysis of the situation and recommendations are based on the opinions expressed by the professionals of the industry.
- 1.3. The **methods** of development of recommendations are based on the traditional approach of policy analysis, according to which the inconsistencies of the current industry policy and legal framework are identified, new development possibilities are conceived, and the recommendations are provided to address the weaknesses and more efficient use of possibilities. The financial, institutional and social impact of the implementation of recommendations can be evaluated preliminary, specifying further detailed evaluation to be carried out in some cases.
- 1.4. The development of recommendations, as it was decided at the project Steering group meeting, was **focused** on the following main issues:
 - What activities of the industry should receive the aid of EU funds? What relevant priorities should be included in the policy documents (Rural development programs, etc.)?
 - What are the benefits to the community from the activities of the industry? How should these be popularized in the community and used to lobby the interests of the industry?
 - What changes have to be made to the legal framework of the industry to support the development thereof?
 - What measures should be undertaken to strengthen the capacity of the professional organizations of the industry?
 - How can the cooperation of the enterprises/stables, professional organizations and other public institutions be encouraged?
- 1.5. **Territorial coverage** of the policy recommendations – the Central Baltic region. It should be noted though that the industry situations of the member countries of the project are different, therefore it was decided that the project partners will prepare recommendations according to the specific situation of their state, but concurrently the common features in the situation and development trends for whole region will be identified.
- 1.6. This policy analysis **does not** provide for cost-benefit analysis, because currently there is no exact information available on the economic performance of the industry.

2. Ensuring the strategic development of the industry

- 2.1. Traditionally in the project member countries the equine sector and the entrepreneurship related to the horses is viewed as part of the agricultural sector, but during the recent decades significant changes have taken place both in the industry and the rural area, as well as in the core values of the community development. However, the traditional view on the industry shared by the policy makers does not encourage its development. The professionals of the industry do not always discern their strategic possibilities either.
- 2.2. The most important long-term policy documents put emphasis on ensuring of sustainable development of the community. Under the contemporary understanding it means the balancing of the economic, social and environment protection interests, which is performed by the public institutions with the involvement of the whole community, in order to sustain the possibilities for satisfying the needs of future generations. The industry, as it is confirmed by the findings of the scientific research, has a great potential to encourage sustainability:
- the industry contributes to the rural development, since it helps to maintain population and employment in the rural areas, as well as to sustain the social environment and infrastructure; for modern city residents the countryside becomes a special consumer object (rural tourism, eco-tourism, events in rural environment, ecological food, etc.) and the services provided by the industry represent one form of this consumption; the industry also enables preservation of the traditional rural lifestyle;
 - stable services, equestrian sports and other activities related to horses provide people with possibilities of active recreation and maintaining healthy lifestyle, whereas therapeutic riding possibilities can be used by special client groups, so these are ways, how the industry contributes to strengthening of public health in general;
 - contacts with horses and ponies are used in social rehabilitation and educational measures;
 - industry in general is environmentally friendly, since horses are recognized as the best option to graze down the territories and sustain the natural landscape, and equine sector does not threat natural environment, except only problems of storage of manure in peri-urban territories.



Therefore development of the industry would significantly help to the implementation of the objectives specified in the national sustainable development strategies. For example, in **Latvia** “rural areas, in parallel to the agricultural and forestry production, ensure recreation possibilities for city residents, quality life space for people working in the cities, as well as areas for non-agricultural entrepreneurship. Development of rural tourism and other alternative occupations.... should encourage the preservation of the lifestyle typical to Latvia with the historical population structure, cultural landscape and traditions (<http://www.latvija2030.lv/page/238>, p.70).

2.3. However sustainability is only a general concept in the national strategic objectives, which lacks implementation in the lower level policy documents and industry strategies. The planning of specific policies is dominated to great extent by the traditional approach, which is demonstrated in the following principles in the industry issues:

- in **Latvia** there is rather strict separation of the agricultural and rural development policy; equine sector is formally included in the agricultural industry, but the majority of uses of the horses conform to the non-agricultural entrepreneurship; this separation causes situation, where the industry is not fully included in either of the policy spheres;
- also in **Sweden** the industry is regarded a part of the agricultural sector, but mainly located around peri-urban areas and the majority of the horses are used for recreation or competitions; horse keeping only is not regarded an agricultural business as long as there is no agricultural production, cultivation or income directly related to the horses; this leads to complicated handling processes e.g. for manure handling, as environmental regulations to a higher degree are stipulated for agricultural businesses;
- from **Finnish** agricultural policy point of view unclear situation of the horses is causing problems of determining whether farm is animal or crop farm due to small number of other farm animals especially in Southern Finland; only part of horses (breeding horses) are seen as farm animals, but there is no statistics available of which horses are kept for breeding;
- whereas in **Finland** the industry enterprises can be grouped according to the TOL2008 classification (based on NACE), and these can be divided into categories A (agriculture), P (athletic education) and R (art, entertainment, sports), which does not encourage a common notion of the industry either;
- the industry statistics in **Latvia and Finland** is very limited; there is lack of significant indicators on its state and development; the Central Statistical Bureau of the Republic of Latvia has data only on the cattle breeding sector in general, where equine sector is not classified as a separate sub-category;
- industry is regarded as not efficient economically compared to other forms of agricultural production, since its main output – horse sales – does not have great scope, but the benefits of the sustainability context are not regarded due to the aforementioned traditional criteria (turnover, profit, economic efficiency, etc.); in Finland breeding is also often considered unprofitable.
- the situation varies depending on the concept of the equine enterprise, as sector is highly market driven; in **Finland and Sweden** harness racing and betting has enormous impact on the equine industry. 2012 turnover of the betting was 249 million Euros, of which approximately 52 million Euros directly supported Equine sector (racing courts, competition prizes, breeders’ share of the horse’s prize money etc.); in Sweden the great increase of the industry during the last decades has overall levelled out, and at date a surplus of horses drives prices down, however, as in **Finland**, trotting and betting is central in the industry and well established;

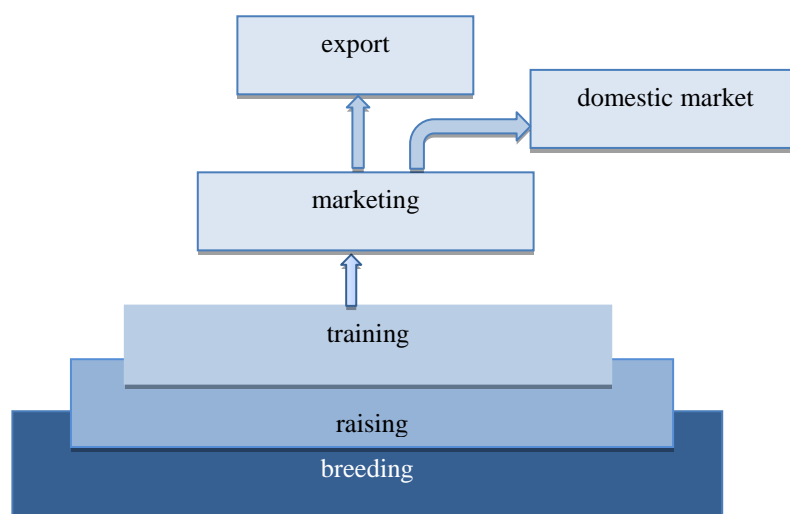
- the small and medium enterprises of the industry demonstrate the so called “hobby or lifestyle business” characteristics, which the agricultural and rural policy makers consider “unimportant” (“it is an entertainment, a hobby of the people”), which therefore does not deserve the state aid;
- equine sector is often disregarded as independent agricultural industry, since there are virtually no legal norms, which would apply to the sector in particular; the position of the Ministry of Agriculture of **Latvia** indicates that a certain specializing or detailing in regard to the equine industry in general is not to be expected in the policy planning sphere;
- whereas the plans of the professional organizations of the industry in **Latvia** (<http://www.lzb.lv/index.php/ciltsdarbs/ciltsdarba-programma>) are pragmatic, oriented almost exclusively towards breeding, and do not regard the development of the industry under strategic context.

2.4. Recommendations

- the professional organizations of the industry together have to develop the medium term development strategy of the industry; the public significance of the industry, as well as benefits for the community under the context of the sustainable development should be emphasized in particular; especially this is essential condition for wider recognition of industry in **Latvia**; good practices come from **Finland and Sweden**, where leading professional organizations have already succeeded with strategy planning;
- statistics are highly demanded in the industry to be able to document its importance and to identify areas of priority;
- a cooperation between different branches of the industry is needed, and there is willingness to do it, but funding for cooperation might be needed to do it in practice; good example from local level is the result of a network of around 50 persons from a municipality in **Sweden** consenting to contribute with their contact information on a list together with their specific expertise, and available for advice;
- public relations tools should be employed to promote these benefits, but in the political domain the benefits should be used as lobbying arguments; the example of good practise is Horse event at Parliament, organized by *Hippolis*
- the professional organizations of the industry should work to achieve the development of the industry to be reflected as one of the priorities in the Rural development programs; in the **Sweden** program from 2014 the industry is regarded a “significant part of the rural development”, but the definite outline of the program is still unsure;
- the understanding of importance of equine as hobby business (for some part of entrepreneurs) in „green economy” should be risen; for example, The **Swedish** Tax Agency has in 2010 developed guidelines for the industry to facilitate a uniform judgement of tax regulation of horse keeping, with main focus on the definitions and clarifications of hobby- and professional horse industry.

3. The national and EU aid: current and necessary for future

- 3.1. In **Latvia** state and European Union aid for the development of the industry has been envisaged in the previous planning period for breeding measures in the equine sector, which often takes the form of a single payment for a specific measure; aid applicants are both owners of the herds and breeder organizations. Owners of the herds may apply for aid in the measures “Payments to farmers in areas with handicaps, other than mountain areas”. Aid may be granted within the measure “Preservation of the genetic resources of agricultural animals” and for cultivated agricultural land (average rate 63 Ls/ha, additional payments are made for less favoured areas and NATURA 2000 territories).
- 3.2. Based on the data of the **Latvian** Rural support service, conclusion can be made that the number of the application and the number of the horses in general is decreasing, which serves as a reason for the reduction of the subsidy amount. the number of horses, which are registered as genetic breeding stock, comprises 290 in 2011, which is only 2,2% of the total number of horses registered with the Agricultural data centre, which indicates that breeding and reproduction of horses compliant with the requirements of the Latvian horse breeding concept is not considered a priority by the horse breeders; it is important to identify the grounds of this contradiction – the aid policy is oriented towards breeding, whereas the majority of the breeders is not interested in development of breed stock; the experts admit that the state aid is insufficient both for the breeding and the industry in general: “Compared to other industries, equine sector receives not enough!”;
- 3.3. Evaluation of the situation in equine industry from 2007-2011 demonstrates reduction of the total number of horses and farms respectively by 14% and 24%. The long-term weakness of the industry is inadequate infrastructure and possibilities to ensure quality preparation of sales horses, therefore the horses are sold at a lower price.
- 3.4. The Ministry of Agriculture regards horse export as the core objective of the industry; but in this case the product value formation chain should be viewed in general: *breeding-raising-training-marketing-sales*; currently only breeding is supported, which is the backbone of the industry, however aid is needed for other links of the chain as well, especially the marketing:



- 3.5. In **Sweden** the most of the support directed to the agricultural sector does not involve the industry, but for next planning period 2014-2020 it is included in Rural development programme as one of the core businesses in countryside.

- 3.6. Recent studies have however shown that the industry sometimes encounter negative attitudes towards horses as grazing animals due to potential damaging of land and vegetation. Specific rules and different interpretations of the between **Swedish** county administrative boards often hinder the industry from receiving aid, i.e. for grazing or cultivating grasslands. A promotion of the horse as a landscape maintainer should be developed.
- 3.7. According to the Rural development plan 2014 -2020 **Latvian** agricultural sector will receive in total more than one billion lats. The new rural development program provides rough outline of the problems of the equine sector in Latvia.
- 3.8. The rural development programmes and plans in all project countries are the most important aid tool for any agricultural industry, but currently they are not so detailed as to name specific aid tools to address the aforementioned problems. In **Latvia** one of the most important and fund-intensive measures could be “Business formation and development and tourism”, which currently has 75 million lats “envisaged”. The competitiveness of the farms and orientation to economically efficient solutions in the equine sector would be significantly improved within the framework of this measure.
- 3.9. Several **proposals** for the improvement of the state aid for the industry were expressed during the project:
- the amount of the state aid for breeding should be increased, especially for the work with the genetic stock;
 - construction of indoor arenas and other developing infrastructures, which is necessary considering the climate of the Baltic states, is an important aid object, including advance payment, because the horse breeders lack regular money circulation, which prevents them from receiving bank loans to commence the works;
 - state aid should be provided also for construction oriented towards ecological management of the stables (treatment plants, small biogas plants, etc.);
 - ways should be found to support horse market and export orientated marketing measures;
 - considering the context of the sustainable development, aid should be provided for summer camps with horses for children and young people, as well as groups of special people;
 - the legislative systems should be revised to open up for clear and identical guidelines for horses in line with other grazing livestock; communication between the industry and land owner could increase the interest from the industry for grazing and increase maintainance of semi- natural and natural grasslands;
 - in **Sweden** the use of passports for horses would open up the possibility to receive aid for grazing, as the identity of the animal can be tracked;
 - EU support for production of cultivated grasslands should be connected to the industry;
 - funding of studies quantifying the economic importance of the sector in the countries is necessary.

4. Breeding

- 4.1. Breeding is the backbone of the industry, since good quality horses conforming to the breed descriptions ensure sustained sales performance in the domestic and international market and success in equestrian competitions, as well as conformity to the interests and needs of specific client groups. Traditionally it is the main issue for professional organizations to deal with.
- 4.2. Main problems, have been identified by the experts of this domain and expressed by horse breeders in interviews and discussions, are following:
- In **Finland** main organisations do work closely together and that has strengthened the sector, and they also co-operate with sister organisations in different countries; however, even more co-operation is needed in future, especially with the stakeholders;
 - **Sweden** has developed a strong sector for breeding and the breeding organisations aims to further increase the international cooperation and presence;
 - in **Latvia** existence of two professional associations discourages the formation of a common approach; in some cases the horse evaluation is dominated by the subjectivity – different interpretations of the standards, qualification of the evaluators and, perhaps, even selfish motives; therefore there are “breed” horses, conformity of which to the breed standards is doubtful, which, especially in the export market, causes damage to the image of the specific breed; “large quantity of low quality, untrained horses...distorts the market and prevents sustaining of adequate market price level”;
 - state aid for breeding measures and services is insufficient; the low aid level does not provide incentives for the owners to apply those horses, which could be registered as genetic stock material, for state aid, these are even referred to as “subsidies for the sake of check-box”;
 - use of non-certified breeding stock, which causes the final product “not useful for sports or sales”;
 - training of young horses in the small farms by own resources increases the actual costs of the product and does not always guarantee good quality; sales of horses particularly important for professional horse breeding, but good prices are also significant for the hobby-breeder even if more incitements than purely economic ones might inspire the breeding work on these farms.
- 4.3. In order to improve the breeding quality and to address the issues related thereof, the following would be required:
- **Finnish and Latvian** specialists recommend drawing the line between professional and “hobby horse” breeding, where different “rules of the game” could be defined but strictly following these differences; the point could be about division here as well – breeding farms and on the other hand, “production farms”, which only produce amateur sport horses for sale and do not wish to comply with the conditions of the breeding program;
 - it is necessary to increase state aid rates for the horses registered as genetic stock in order to achieve efficient result;
 - to introduce additional state aid for the following breeding measures in **Latvia**:
 - awarding premiums to Elite breeding mares, emphasizing their importance in the breeding core;
 - for establishment of semen bank and its collection centre (fully equipped), which would allow developing artificial insemination services in the industry, used in practice in all Europe;

- purchase of good quality harness type horses abroad from related breeds to complement the genetic stock and introduce new bloodlines.
- to ensure possibility to support establishment and initial maintenance of the training centre for young horses;
- ensure increased control of horse passport records on conformity to the breed;
- to adjust the qualification system of evaluators and trainers of the industry – to reduce the number of evaluation experts by increasing their quality;
- development of ways for co-ownership of the horse should be promoted and developed further by equine and especially breeder's organisations, - this type of activities will introduce new people to the horse ownership and, thus open up new opportunities for breeders; good example of new form on co-ownership is the “trotting league” (Raviliiga, www.raviliiga.fi) in **Finland** where one can pay a share of trotter with the total cost of 100 euros (the principal is bit similar to stock exchange).

5. Welfare

- 5.1. EU has developed the “EU animal welfare strategy 2012 – 2015”, which stipulates the general animal welfare principles, striving to achieve a common and simplified, but efficient animal protection system within the EU. There are also specific regulations as the Council Directive 98/58/EK (July 20, 1998) on the protection of animals kept for farming purposes, Council Regulations No 1/2005 the protection of animals during transport. The EU directives on breeding of horses (90/427/EEC, 96/79/EC), on membership in horse breeding organizations (92/353/EEC, 92/354/EEC, 96/78/EC) and on trade in equidae intended for competitions and on of conditions of participation therein (90/428/EEK) shall be applied to horses in particular.
- 5.2. Both in the EU regulations and the national regulations horses can be classified both as farm animals and sport, work and exhibition animals, therefore the range of requirements applicable to the horse protection and welfare is more comprehensive than other species only used in agriculture or classified as pets. In **Sweden** the horse is classified a pet in the Animal Welfare Act (AWA). However the industry works towards a classification of the horse as a farm animal in the revised version of the AWA, e.g. to increase to possibility to include the horse in the food chain, and to open up for increased availability to aids with the horse classified as a farm livestock unit.
- 5.3. In **Latvia** the animal welfare requirements are regulated by the Animal Protection Law, which stipulates the rights and obligations of a person in the sphere of animal protection and welfare (Section 2). Yet these requirements are rather general, therefore Section 10 specifies that Cabinet of Ministers determines the procedures by which animals kept for farming purposes shall be kept and used, and determines the welfare requirements for the keeping and use of each species of animals kept for farming purposes. The Cabinet Regulations No 5 “General welfare requirements for farm animals” of January 2, 2008 determine the requirements for all species of farm animals, without distinguishing the individual requirements of each species in particular.
- 5.4. The situation in **Sweden and Finland** is different; regulations are specifically developed for horse keeping and rather detailed.

5.5. Since horses and sport horses in particular are transported rather frequently, the Cabinet Regulations No 322 “Regulations on animal transport” of June 18, 2013, are important for **Latvian** horse owners. These stipulate different requirements for transporter, accompanying documents and transport vehicle depending on the purpose of transporting and distance to be covered (short distance and long distance transport). These regulations stipulate that “Permit of animal transporter for short distance transport and qualification certificate are not required if: the owner of the farm animal is transporting animals owned by him/her by his/her transport vehicle and the transport distance from the site does not exceed 50 kilometres; the transport distance from the site of departure to the site of destination does not exceed 65 kilometres”, which significantly facilitates transport of sport and riding horses.

5.6. Recommendations:

- In **Latvia** the representatives of professional associations have developed the draft of welfare requirements for horses, which mainly determines the requirements for keeping of horses such as minimum keeping space for horses and ponies, requirements for feeding, hoof care and free movement, microclimate of the stable, as well as requirements for commencement of the use of horses for work purposes (riding, lungeing, driving, farm works, etc.). The Ministry of Agriculture shall improve the draft of horse welfare requirements developed by experts, evaluating the level of requirement detailing and the feasibility thereof in Latvia, because currently making several of norms included therein effective, for instance, “to ensure unbound keeping of the horses” or “ensure minimum width of stable corridors of 2 m”, would cause significant difficulties in implementation of these requirements to horse owners, who keep horses in stables built in the past. Implementation of the requirement “to ensure stabled horses with possibility of free outdoor turnout of at least two hours a day” could be problematic in stables, which are located in the urban territories and/or where large number of horses is kept. Ministry of Agriculture should evaluate the necessity to include specific requirements applicable to horses in particular in the Cabinet Regulations No 959 “Welfare requirements for keeping, training and use of sport, work and exhibition animals in competitions, work or exhibitions” of December 20, 2005.
- Currently the horse welfare requirements include relatively little conditions in regard to performance load of horses during their lifetime, as well as horse breeding; such requirements would be included in legislation.
- In other EU countries (**Finland, Sweden**) the horse welfare requirements stipulate that paddock fencing must not be made of metal wire and barbed wire; the Ministry of Agriculture should consider integration of such norm in the horse welfare requirements in **Latvia**;
- In **Latvia** the distances for short distance transport, which do not require animal transporter permit and qualifications, specified in the Cabinet Regulations No 322 “Regulations on animal transport” of June 18, 2013, could be increased to 150 km, since it does not have significant impact on the transport mode or ensuring of horse welfare requirements during the transport, but would facilitate organization of horse transport to competitions;
- As good example would be HästSverige (**HorseSweden**) activities, focusing on the distribution of scientific knowledge to the industry about horse health and welfare is the cooperation between the Swedish University of Agricultural Sciences, the National Veterinary Institute, the Swedish Horse Council Foundation, the Swedish-Norwegian Foundation for Equine Research, the Federation of Swedish Farmers and Agria Pet Insurance.

6. Human safety

- 6.1. Safety while using services of the equine industry (horseback riding, harness racing, sport events, other recreational events involving the use of horses) is always an agenda issue at the policy level of the project member countries. Several studies have been conducted, which demonstrate that threats to human life or health constitute both a moral damage to the relatives and a material damage to the national economy, which causes additional costs to medicine due to sick leave and disability consequences. The industry involves children and youngsters, and accidents with horses in **Sweden**, for example, are the most common (46% in 2009) among children in the age group 7-18 years.
- 6.2. The experts and service providers of the equine industry themselves admit that a service, which is provided by using horses, is an increased risk service, because the horse is an active and powerful animal with its own nature and own risks factors, when changing the behaviour model. **Swedish and Finnish** specialists admit that efficient addressing of safety issues within the industry has positive impact on the number and satisfaction of the clients. It is appreciated that the most of the industry entrepreneurs are aware of this; they offer different safety instructions and undertake safety measures.
- 6.3. In **Sweden** the provision “Working With Animals” developed by the Swedish Work Authority lies under the Work Environment Act stipulating requirements and responsibilities when working with animals, and contains specific sections directed to handling of horses.
- 6.4. In **Latvia** the human safety is determined by several regulations at the national policy level, though none of these distinguishes specific instructions, if animals are involved in the provision of the services. One of the most significant regulations is the European consumer protection measures, the purpose of which is to protect the health, safety, as well as economic and legal interests of the European consumers irrespective where in the European Union they live, travel or shop. Section 169 of Treaty on European Union (TEU) became the legal basis for the comprehensive measures at European level. It stipulates that “in order to promote the interests of consumers and to ensure a high level of consumer protection, the European Union shall contribute to protecting the health, safety and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves in order to safeguard their interests”. Latvia has the obligation to implement consumer protection measures; several regulatory documents comply with the legal framework of EU.
- 6.5. Currently some organizations are summarizing the best practice in provision of equine industry services. The Safety ABC developed by the internet portal www.zirgam.lv serves as a good example. Yet systematic following thereof could be achieved only by legal framework, which is respectively controlled.
- 6.6. Therefore **recommendations** to enhance safety in equine are:
 - to establish uniform minimum safety standards for provision of equine industry services to be followed; in order to implement this system, a register of service providers and permits are needed, which would assure compliance with the law and minimum safety requirements; in **Latvia** as additional provision for implementation of this recommendation is Article 2, Section 6 of the Law “Specific safety requirements for services or specific requirements in relation to certain risk or safety aspects related to the utilisation of the service” may be specified in other regulatory enactments;
 - to integrate contractual relations in the regulations as a mandatory and integral part of the service;

- to educate both service providers and customers on safety issues; for this purpose the resources of webtool, elaborated during this project, would be used, - <http://www.hippolis.fi/innohorse/safety/>.

7. Environmental issues and keeping of wild horses

- 7.1. According to the regulatory requirements use of the chemicals is prohibited *Natura 2000* territories. But grazing in these territories means that horses need minerals as food supplement, which cannot be legally used. These special cases should be stipulated in the national legal framework.
- 7.2. In **Finland and Sweden** the main environmental problem of the whole industry is the use of manure. A large part of the horses manure is not recycled to a field but used for other purposes or disposed. The disposal of horse manure is costly, underlies complex and diverging legislation and is environmentally not sustainable. The knowledge base of the potential in horse manure and promotion of the utilization needs development. Especially, new co-operation, and technologies of using manure as bioenergy are needed. Some ideas for effective manure management developed during this project would be found in <http://www.hippolis.fi/innohorse/manure/>.
- 7.3. The wild horse sector in **Latvia** is rather new and complicated and involves different parties: public and nongovernmental organizations of different levels and types, supervision institutions, agricultural and organic farms and wild horse keepers. Each of the stakeholders has a different role and level and form of involvement, which causes different opinions on this sphere. For instance, the Nature Conservation Agency primarily emphasizes the management of specially protected nature objects, where these horses are grazing; the Ministry of Agriculture puts priority on animal keeping and welfare aspects, but the tourism organizations view these horses and territories as tourism objects. Therefore wild horses do not present the object of special regulations.
- 7.4. The agenda of the legal framework in the wild horse sector is related to at least two matters - regulations in relation to the area management and regulations in relation to the wild horse welfare:
- the most urgent issue in relation to the area management concerns the possibilities and conditions for receiving of aid payments; since the aid payments are orientated to territories and not the horses, the specificity of the natural grazing is not taken into consideration; horses have to graze in these territories all year round, and the feed from pastures must be ensured in winter as well, although there is a provision requiring that the area payment applicant must cut or completely graze down the area until September 15;
- 7.5. in relation to the wild horse welfare aspects the legal framework is not adequately specified; considering the specificity of the wild horses and the characteristics of the horse breeds created for feral/semi-feral conditions and their function in nature, the welfare requirements must be such as not to encumber the herds of these horses to perform their ecological functions and preserve the biological reason for introducing these horses into the wild (allowing, not excluding the natural selection).

- 7.6. Therefore the wild horse sector would need additional regulations, which would consider the specificity thereof more precisely:
- although natural grazing is recognized and supported, but improvements must be undertaken in the practical implementation mechanism of the aid, harmonizing the natural grazing according to the conditions of the natural environment and the administrative requirements of area payments; it would be necessary to review and to evaluate the conditions specifically for the cases of grazing of wild horses (cattle), as well as evaluate the quality requirements of grassland management, considering the necessity of all year round natural grazing;
 - welfare field would need more comprehensive concessions, allowing these herds a more complete involvement in ecological functions, including interaction with wild predators etc.; other aspects of the welfare should be discussed as well, where confrontation exists between the general animal welfare requirements and the specific reason of wild horse keeping.

8. Entrepreneurship

- 8.1. One of the main problem in the project member countries is the activation of the horse market and lack of clear “rules of the game”; the industry specialists in **Latvia** see the solution in establishment of a cooperative sales enterprise, which would undertake the coordination of all marketing functions as well.
- 8.2. International marketing should be developed by active involvement of national horsebreeder organizations and their mutual collaboration, especially in the popularization of national breeds. For example, Latvian horse breed should be marketed abroad as especially suitable for riding schools and beginner riders, but the popularity of the harness type of the Latvian horse breed should be encouraged to open up export possibilities for the harness type horses as well. Good practices from Iceland and Estonia conserving international markets of specific native breeds should be explored.
- 8.3. More emphasis should be put on the fact that the existence of industry enterprises in a specific territory encourages other forms of entrepreneurship within it as well, since stables are consumers as well, they are using other services (feed, veterinary services, recruitment of additional staff, etc.).
- 8.4. In **Finland and Sweden** stables are developing in places with high population density, but this causes problems (lack of pastures and hay, manure storage, etc.); industry specialists recommend to consider the number of horses and location of stables within a specific territory when developing territorial plans.
- 8.5. Conflicts with neighbours concerning the use of the land, forests, roads, water resources, manure etc., if such are to occur, should be regarded with care, since this has an indirect impact on the public image of the industry. Stakeholders and entrepreneurs should be proactive with planning and avoiding conflicts beforehand. The industry organizations should actively inform and remind the horse owners of the responsibility to contact land owner, as specific considerations apply when riding. A good example is that some Swedish municipalities have decided on local guidelines for riding in their territories.
- 8.6. In project countries the weaknesses of the industry is that it partly belongs the “grey economy”, which does not provide statistics with adequate data on entrepreneurship scope, actually reducing it, and which causes the policy makers to consider the industry to be economically insignificant.

- 8.7. There are a lot of discussions about level of regulation in industry among equine entrepreneurs, some of them see it overregulated, but some underregulated. So the analysis of the administrative burden can be made by the order of the industry and such analysis could be conducted as part of EU campaigns on “better regulation”.
- 8.8. Industry business also needs wider use of *costs-benefits* analysis. It is necessary to promote optimizing of feed and building costs – examples from loose housing, outdoor keeping and studies of decreased concentrate use to horses would be helpful.
- 8.9. A good example from **Sweden** is the establishment of neighborhoods for people engaged in the industry. Real estates are sold and the revenue goes to the establishment of indoor arenas, paddocks and stables free to use for the people living in the community. These kinds of communities have increased the number of inhabitants in the municipalities with up to 500 people. Also cooperation with nearby services could help making a „package” for tourism.

9. Human resources

- 9.1. The rapid increase of the industry requires high level of information spreading and education. A study in **Sweden** has shown that more 60% of the country’s horse owners had no education related to horse keeping. Rather often owners of small and medium stables are ‘reluctant’ to consider themselves as entrepreneurs. They are experienced in horse breeding, but lacking knowledge and skills in business processes. So the further education is needed not only in horse keeping, but also in marketing, farm management, finance management, communication with clients, etc.
- 9.2. In **Latvia** ways should be found to support the secondary vocational education institution, which would train professional stable staff, grooms to the riders and stable managers; it would ensure solution to the problem of requalification, lifelong education and employment; possibility to involve potential students from all three Baltic states and CIS should be considered. Good examples are Ypäjä Equine College, Finland and Strömsholm and Wången, Sweden. The possibility should be found for a delegation from industry organizations, specialists of the Ministry of Agriculture and the Ministry of Education to attend one of such schools to study the operation thereof and to gain experience;
- 9.3. The **Finnish** entrepreneurs of the equine industry must address social issues on their agenda; for example, the lack of legal income renders the accumulation of pension capital and inclusion in the farmers’ insurance system of Finland (Mela and Myel systems) impossible; both the entrepreneurs and employees would need a trade union type organization.

10. Strengthening the capacity of the professional organizations of the industry

10.1. New challenges to the industry today require a review of the role and functions of the professional organizations of the industry, as well as strengthening of the capacity thereof according to the new tasks. Currently these organizations are working with the traditional agenda issues in horse breeding and sports. For example, the following opinion has been voiced in **Latvia**: “If you are not involved in breeding, there is no sense to be a member of the associations...”. The cooperation of the organizations is often insufficient as well, intercommunication is lacking or even closed competition occurs. Good example is *Hippolis*, Finland, widen their functions during the last decade, developing strategy of the industry, strengthening the cross industrial and scientific networks, influencing the educational aspects and knowledge and ensure support for the innovative projects (www.hippolis.fi). *Hippolis* serves as *umbrella* organization for other stakeholders of industry.

10.2. According to the experts, the improvement of the activities of the organizations could be following:

- the professional organizations of the industry should coordinate their activities more or even merge in order to implement the eventually new management tasks of the industry described below;
- promotion of the national horse breeds and development of the brand should be worked on in the international arena; this can be efficiently ensured only through cooperation of horse breeders organizations of different countries;
- professional organizations should elaborate the development strategy of the industry, defining its mission, objectives, tasks and public contribution under the context of sustainable development and, based on the basic principles of this strategy, the industry must be represented in other development programs of national and regional relevance, but the leaders thereof must ensure maximum involvement in the relevant policy planning work groups – this is the first step to influencing of decision makers;
- it is necessary to actively build and maintain the relationship triangle “industry – community – decision makers”, so that decision makers and community representatives would perceive a positive image of the industry and would have a clear notion on the public benefits gained from it;
- local cooperation between the stables and other interested subjects is of great importance for the development of the industry and at this level essential role is played by the local municipalities, which may use *Leader* projects, informative measures to encourage entrepreneurship, organizing interesting meetings and mentoring (“veterans-beginners”); positive experience in this is provided by *Hippolis*;
- the organizations of the industry or the associations thereof in particular should undertake the initiative in the matters of equine specialist and trainer education, preparing the order for the education system, since as it was argued in the interview “vocational education institutions introduce such study programs, which are in demand; if there is no demand – no school will establish these”; the good example is The Swedish Horse Council Foundation HNS having overall financial and organizational responsibility for the equine industry’s national facilities at Flyinge, Strömsholm and Wången, and promoting education and development of the industry;

- one of the issues to be addressed commonly, especially in Finland and Sweden, – use of the manure for power production purposes, therefore the organizations of the industry could be searching for solutions together; in the matters of manure disposal the organizations of the industry should cooperate more closely with environmental institutions and potential users of manure at national level;
- the organizations of the industry have to address social issues, since work within the industry is tough (manual work, staff changing, irregular income, (- *see above*)).

11. The main challenges for equine industry in next decade (as conclusion from policy recommendations)

- 11.1. The equine industry should be envisaged as important driving force for rural development from view point of sustainability; the industry must be represented in development programs of national and regional relevance, what provides more opportunities to apply for state and EU aid.
- 11.2. The spirit of entrepreneurship could be more embodied in stables' and their owners' mentality and activities.
- 11.3. The education level in both horse keeping and entrepreneurship should be raised throughout the industry.
- 11.4. Horse related specific issues should be reflected in legislation regarding welfare, safety, environmental protection.
- 11.5. The industry needs increased knowledge and development of the utilization of horse manure as a resource to the society; legislation must be coordinated to facilitate the use of horse manure as alternative resource.
- 11.6. Professional organizations should develop their activities toward effective self-governance of the industry, lobbying its interests, as well as international cooperation and networking.