

REVIEW

of the Agnese Radžele-Šulce Doctoral Thesis for the Scientific Degree Dr. Oec. “ECONOMIC BENEFITS OF LOGISTICS APPLICATION IN THE AGRICULTURE SECTOR”

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One of the most important issues in the modern agrarian economics science is directly connected with exigency of significant increasing of productivity and profitability in contemporary agrarian sector as well as improving of environmental protection and prosperity of society. Global integration of economics insistently necessitates creation of the whole chain of agrarian activity from the initial stages through producing of goods and services and to their final realization with the lowest costs and the highest satisfaction of customers and producers as well. In the widely-known report of the famous world business leaders “Business in 2016” (“Fast Economy”, USA) attention is paid to some very significant statements regarding new possibilities of effective development of the future business. An increasing role of customers’ in the future global market and essential changes in agrarian sector, where the new perspectives will open for small and medium farms, are emphasized there. According to the opinion of the authors of the report, the agriculture sector will be changed essentially, because new generation of customers will demand considerably higher quality of products and services, and small flexible farms with fresh and ecological production will dominate the market.

The latest scientific research performed by Agnese Radžele-Šulce in Latvia University of Agriculture is very suitable in this context. New findings on logistics application in the contemporary agriculture and possibilities to receive significant economic benefits are well-timed and useful for the future development of agrarian economics. The importance of the research is also determined by the current situation in agrarian sector, which is very fragmented and dispersed. The situation is almost the same in the entire post-soviet region. The implementation of the recommendations of this research should have very positive effect on decreasing of costs of producing, storage, transportation, etc. Developing successful partnerships in managing of logistics systems is a way to maintain and strengthen farmers’ position on the market and in the whole state economy.

In order to achieve the aim of the Ph.D. Thesis the author set the following objectives:

1. To collect and summarize information about the theory of logistics, the development of logistics science, including the economic and documentary aspects.
2. To analyze the basic economic conditions for the need for logistics systems development in the agriculture sector of the Republic of Latvia.
3. To analyze the practice and economic benefits of the application of logistics systems in the Latvia’s agriculture sector.
4. To assess the application of logistics components in Latvia’s dairy farming, production of grain and rapeseeds, vegetables and potatoes.

All of them are well chosen and well thought-out valid recommendations are presented. Circumstantial information about logistics application and economic benefits in the agriculture sector of Latvia has been summarized and structured. The principal application of logistics in the agriculture sector of Latvia has been developed, and the logistics components and systems, suitable for various economic effects in the agriculture of Latvia, were determined.

The research included in the Ph.D. thesis is original and significantly contributes to the theoretical basis of agrarian economics. Recommendations are worked out for creating and developing logistics systems and components in dairy farming, grain and rapeseeds, vegetables and potatoes production enterprises, based on economic benefits. The economic effects of application of logistics systems and components are evaluated.

Comprehensive analysis of the theoretical sources and the current situation shows an insufficient use of modern logistics systems in the agrarian sector. This issue has not been properly studied in the economic science, depending on the current situation of agriculture in the new EU member states. The necessity for particular logistics recommendations well-tailored to the specific needs of agriculture and rural development is caused by the challenges of globalization and different experience of these countries on free global

market. As the author of the Thesis has stated, “A typical characteristic of developing countries is locating production relatively close to the consumer markets, <...> narrow resource geography, weak specialization and poorly developed transportation system, which negatively impact the sales of agriculture products.”

The terms and conditions, organization, machinery and technology of the delivery of agricultural products had radically changed under the dominance of supermarkets in the market, the author stated in her research. The situation in Lithuania is almost exactly the same. The attempt of the new heads of the Lithuanian Ministry of Agriculture to improve the situation by creating the system of the so-called “Farmers Markets” had some positive impact on farmers, but it is not enough for current improvement of profitability of their farms. This system is also related to some new problems of logistics.

Now we have new challenges related to development of alternative, non-agrarian businesses in rural areas and in areas with low level of urbanization, such as hinterlands, small towns and settlements. Big expectations are due to the diversification of the rural economy and development of small and medium business (SMB) in the countryside, also to the creation of the new jobs at rural residents’ home or nearby. Social

welfare of inhabitants involved in these types of work activity strongly depends on successful solutions of logistics. All these circumstances show the relevance of the scientific problem chosen by A. Radžele-Šulce, and also the nice perspectives for her future researches.

The content of the Doctoral thesis of A. Radžele-Šulce shows that her research aim has been achieved and all her objectives have undoubtedly been completed very successfully. There are 220 references in Latvian, Russian, English and German as well as 31 annexes with very interesting data. Substantial amount of her publications published in the internationally recognized scientific journals and other sources, as well as participation in the international scientific conferences (in Latvia, Lithuania, Germany and Greece) and active involvement in many scientific projects demonstrate her qualification and creative capability. She is a participant in such important scientific projects as “Latvia – Lithuania Cross Border Cooperation Programme, 2007-2013” and “Research on farms structure and its development prognosis in 2005–2015”.

This research meets all the requirements for Doctoral Thesis, and its author deserves Scientific Degree Dr. Oec.