

# FROM THE SCIENTIFIC SPHERE

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## Land market in the centre of interest of experts of Central and Eastern European countries

*Trh s pôdou v centre záujmu expertov zemí strednej a východnej Európy*

*Land as the fundamental and unrevivable source of food production, natural resources of the country and goods in market economy, has been the subject of discussion at the international workshop organized by the FAO and FEM SUA in Nitra.*

From May 6 to 7, 2005 the international workshop with the title **“Development of land markets and related institutions in countries of Central and Eastern Europe”** has taken place in the Congress Centre of the Slovak University of Agriculture in Nitra. The workshop has been organized by the FAO, Subregional Office for Central and Eastern Europe in Budapest and the Faculty of Economics and Management of the Slovak University of Agriculture in Nitra.

The aim of the workshop was to provide knowledge from the current spheres related to land market development problems in Central and Eastern European countries and to enable mutual interchange of experiences, information and knowledge acquired in process of continuing reforms as well as know-how transfer from the countries of the European Union to the Commonwealth of Independent States, Trans-Caucasia republics and Western Balkans countries. The workshop was aimed at experts and managers from the ministries of agriculture of the relevant countries. During the workshop, we have welcome in the city of Nitra participants from 21 countries (Czech Republic, Poland, Hungary, Romania, Bulgaria, Serbia and Montenegro, Macedonia, Bosnia and Herzegovina, Croatia, Armenia, Azerbaijan, Ukraine, Russia, Latvia, Estonia, Syria, Germany, Belgium, Great Britain, Austria, Thailand).

The high scientific and professional level of the workshop has been guaranteed by the state representative of the FAO for Central and Eastern Europe

in Budapest, prof. Ing. Mária Kadlečíková, PhD., director of the Centre for Transitive Economics of the Catholic University Leuven, Belgium and the expert of the World Bank prof. J.F. Swinnen, PhD., minister of agriculture of the Slovak Republic Ing. Zsolt Simon, the rector of the Slovak University of Agriculture in Nitra, prof. Dr. Ing. Imrich Okenka, PhD., dean of the Faculty of Economics and Management, prof. Ing. Peter Bielik, PhD., as well as the director of the Research Institute of Agricultural and Food Economics and the delegate of the Slovak Republic in the executive of the OECD, doc. Ing. Gejza Blaas, CSc.

Minister of Agriculture *Zsolt Simon* greeted the workshop participants and expressed enjoyment that this important workshop about this serious theme takes part in Slovakia. He remarked that without land, there is no life and relationship to it should be raised in people. *Mária Kadlečíková*, state representative of the FAO for Central and Eastern Europe in Budapest, highlighted in her speech that without land market, countryside development cannot be realised. *J. F. Swinnen*, director of the Centre for Transitive Economics of the Catholic University Leuven, Belgium and the expert of the World Bank, analysed land market in transforming countries and observed that each of them has some specifics. According to him, Slovakia belongs to the countries with smallest land owners and largest farms. In comparison to other countries, in the last years a positive progress was recognised and our experiences can be an example for others. *Gejza Blaas*, director of the Research Institute of Agricultural and Food Economics in Bratislava, highlighted the fact that the functioning land market has a great economic meaning from the aspect of credits and there is expected from it improving the financing of agriculture.

## Selected aspects of Slovak land market

Slovak land market is characteristic by the sale of small plots for expansion of own land or for building purposes. Market prices of small plots are higher than official prices. Many transactions with land are realised in the most productive regions and in the regions of Slovakia that are attractive for tourists. Also a multiple sale of the same land is observed. It is because of speculation in order to price rising, what is documented in Tables 1–4.

## Selected aspects of land market in Central and Eastern European countries

During the workshop program, there have been presented the problems related to land market and institutions by delegates from the ministries of agriculture from Armenia, Azerbaijan, from the cadastral office of Croatia, Macedonia and others.

On the workshop, there were introduced common constraints in individual country reports as follows:

Table 1. Transactions with land in the selected regions of the Slovak Republic

Selected region	2001		2002		2003	
	number of transactions	total area (ha)	number of transactions	total area (ha)	number of transactions	total area (ha)
Dunajská Streda	813	1 443	1 095	990	456	860
Topoľčany	157	130	122	147	330	12
Liptovský Mikuláš	756	199	576	185	75	11
Rimavská Sobota	97	286	130	22	55	8
Svidník	63	9	73	18	31	6
Michalovce	90	42	85	89	38	13
Total	1 976	2 110	2 117	1 451	688	912

Source: VÚEPP Bratislava 2005

Table 2. Average area of sold land (ha)

Selected region	2001	2002	2003
Dunajská Streda	1.78	0.9	1.89
Topoľčany	0.83	1.21	0.38
Liptovský Mikuláš	0.26	0.32	0.15
Rimavská Sobota	2.95	0.17	0.15
Svidník	0.15	0.25	0.21
Michalovce	0.47	1.04	0.35

Source: VÚEPP Bratislava 2005

Table 3. Average market price of agricultural land

Land type	Average market price of land (SKK/ha)			Average market price of land (€/ha)		
	2001	2002	2003	2001	2002	2003
Arable land	157 265	186 640	94 325	3 631	4 371	2 273
Vineyards	26 084	46 860	0	602	1 097	0
Orchards	334 368	450 334	96 647	7 721	10 547	2 329
Meadows and pasture	39 554	51 004	52 800	913	1 194	1 273
Gardens	.	550 335	0	.	12 889	0

Source: VÚEPP Bratislava 2005

Table 4. Average official price of agricultural land (December, 31, 2004)

	Agricultural land		Arable land		Meadows and pasture	
	SKK/ha	€/ha	SKK/ha	€/ha	SKK/ha	€/ha
Dunajská Streda	90 955	2 100	92 400	2 164	55 600	1 340
Topoľčany	58 500	1 351	60 000	1 405	21 900	528
Liptovský Mikuláš	11 900	275	17 800	417	9 800	236
Rimavská Sobota	25 800	596	36 047	844	13 400	323
Svidník	17 000	393	26 300	616	12 600	304
Michalovce	34 600	799	41 500	972	17 800	429
Average in SR	44 295	1 023	58 556	1 371	14 431	348

Source: VÚEPP Bratislava 2005

- No official statistics
- Fragmentation of land ownership
- Low profitability of agriculture
- Inadequate information on land valuation
- Land tax, high transaction costs
- Incomplete land registration
- Illegal construction
- Credit markets, labour market, social security

Land markets in the countries of Central and Eastern Europe were marked by the participants as the beginning. The absent official statistics and inadequate information on land valuation affect some people more than others. In Romania, for example, those who have good links with the Ministry of Agriculture can get information but nothing is routinely published on land prices etc. Are local communities capable of setting their own prices of land? In Latvia, there is a global database of “cadastral values” and these values are considered to be close to market prices. Fragmentation of land ownership in Bulgaria and many other countries create the biggest constraint to agricultural profitability. There is a need to consolidate plots to improve both efficiency and profitability. There was much discussion about the acceptability (or otherwise) of foreign investment. It was noted that:

- there is a high disparity in land prices between the EU-15 and CEE

- extensive consolidation of plots could leave many people landless.

In turn, this led to the discussion on the wider issue of what is the vision for rural policy. For example:

- What is the importance of family farms as a building block of rural communities?
- Should governments stimulate land market by focusing on rural development e.g. infrastructure development and measures to increase profitability of family farms?

In conclusion, the workshop participants dealt with the know-how transfer from the EU countries to other European countries and the question of certain regulation of land market. The EU has no common rules for land market. Could it be fixed rules and practise from the EU-15 that could be applied in the countries of Central and Eastern Europe? Could candidate countries learn from experiences of the new member countries?

Intervention can either stimulate or depress the land market depending on the precise details of implementation. Maybe we should encourage owners and tenants to know their rights and also to be aware of the opportunities for using land profitably. There is a question for all who may be interested in: what is the most effective, regulation or education, training and dissemination of the best practice?

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