

Development of structure and exploitation of agriculture land fund in Latvia

Vývoj struktury a využití zemědělského půdního fondu v Lotyšsku

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Abstract: Agriculture is a sector in Latvia which plays an important role in the country's economy and the same time performs a significant social, environmental and ethno-cultural function. Latvia has favourable conditions for the development of organic agriculture. The aim of land reform is to reorganise legal, social and economic relationships of land property and land use to facilitate the development of infrastructure, land protection and rational land use according to the interests of society. In Latvia, the land reform is practically carried out in three directions – restitution of real estate rights, privatisation of real property and compensation for previous real estate. At the moment, the main and urgent goal concerns strengthening of the results of land reform. It means that all the information on real estates (land and buildings), uses and area of lease obtained during the previous course of land reform must be reflected into the real property cadastre.

Key words: land property, land reform, land use, agricultural land, ownership structure, land privatisation process

Abstrakt: Zemědělství je v Lotyšsku odvětvím, které hraje významnou roli v národní ekonomice a současně plní také významnou funkci sociální, environmentální a etnicko-kulturní. Lotyšsko má vhodné podmínky pro rozvoj ekologického zemědělství. Cílem pozemkové reformy je reorganizace právních, ekonomických a sociálních vztahů týkajících se vlastnictví a využití půdy k zabezpečení rozvoje infrastruktury, ochrany půdního fondu a racionálního využití půdy v zájmu společnosti. Pozemková reforma se v Lotyšsku prakticky odehrává ve třech rovinách: restituce vlastnických vztahů k nemovitostem, privatizace nemovitostí a kompenzace původním vlastníkům nemovitostí. V současné době je nejaktuálnějším cílem upevnění výsledků pozemkové reformy. To znamená, že se veškeré informace týkající se nemovitostí (půdy a budov), užití půdy a plochy propachtované půdy v průběhu předchozích fází reformy musejí promítnout do katastru nemovitostí.

Klíčová slova: vlastnictví půdy, pozemková reforma, užití půdy, zemědělská půda, vlastnická struktura, proces privatizace půdy

INTRODUCTION

After Latvia recovered its independence, proper arrangements in the sphere of ownership rights were one of the basic tasks for unhindered functioning of a free market economy. Inviolability of ownership rights was declared and a legal basis was set up for restoration of ownership rights to former owners or their heirs. If it were not possible to restore the actual property, the legislation provided for reimbursement.

Alignment of ownership and economic relations in rural areas of Latvia started with agrarian reform in 1990 and it included reform of land property and management.

Aim of the land reform was to set up an agricultural land management structure based on private property. It envisaged restoration of land ownership rights of the former owners or their heirs as well as allotment of land

free of charge to those residents of Latvia who wished to undertake agricultural activities.

Aim of the property reform was privatisation of the property belonging to the state farms and collective farms, enterprises rendering services to agriculture and those processing agricultural products, and legal liquidation of organisational forms existing before the privatisation. The property belonging to the state farms and collective farms was privatised in compliance with the Law On Privatisation of Agricultural Enterprises and Fishermen Collective Farms, but enterprises rendering services to agriculture and those processing agricultural products were privatised in compliance with specific laws. These laws on every sector provided for privatisation of every enterprise individually and separate privatisation rules shall be approved for each such enterprise to be privatised.

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Table 1. Division of lands according to sort of land use (as by 01. 01. 2002)

Sort of land use	ha	%
Agricultural land	2 480 342.5	38.4
Forests	2 861 487.0	44.3
Brushwood	117 134.8	1.8
Swamps	259 207.5	4.0
Waters	223 861.7	3.5
Yards	91 083.1	1.4
Roads	131 270.6	2.0
Other lands	294 478.0	4.6
In total in the Republic of Latvia	6 458 865.2	100.0

The aim of the management reform was its fundamental rebuilding in accordance with the requirements of individual entrepreneurship. In the course of the reform, economic functions to be performed by producers were separated from functions to be performed by the state management institutions.

LAND USE

Land is the main natural means of production of agriculture. Land must be used by co-ordinating private and public interests and requirements of environmental protection.

Latvia's land area is 6 459 thousand hectares, less than a half of which is suitable for agriculture.

At the beginning of the year 2002, 38% were agricultural lands, and 45% were forests (Table 1).

PROCESS OF REAL PROPERTY PRIVATISATION

To privatise real property means to set ownership to it. The aim of land reform in Latvia is step-by-step, during the process of de-nationalisation, conversion, privatisa-

tion and illegally expropriated land property turning in, to reorganise legal, social and economic relationships of land property and land use to facilitate the development of infrastructure, land protection and rational land use according to the interests of society. It is difficult to say that the process of land reform has been done according to the above-mentioned definition, therefore it is worth mentioning, that the speed of land reform is extremely high. In addition, large quantity of work has been done till now. In Latvia, the land reform practically is carried out in three directions – restitution of real estate rights, privatisation of real property and compensation for the previous real estate.

Overview of the privatisation process of real property in the Republic of Latvia was made using the State Real Property Cadastre (SRPC) maintained by the State Land Service of the Republic of Latvia. Within the State Land Service (SLS), there is responsible for the development of SRPC one of the branch boards – Main Board of Information, which determines guidelines and oversees the cadastre system in total around the country.

OWNERSHIP STRUCTURE

According to the Law of the Republic of Latvia "On Land Reform", private farms located in rural areas are considered peasant farms if the land has been assigned to the users (owners) in compliance with the decision of the respective local government for the purpose of establishing or maintaining a peasant farm; farms defined as household plots are those with a living house or structures intended for practical craftsmanship and being the property of the land user (owner) and farming itself being of ancillary character. Private subsidiary farms are rural farms (including kitchen gardens) assigned by the local government or other legal bodies for a defined period of time on the basis of lease contract to individuals occupying state or co-operative-owned flats or having their own flat or house but no farmland for permanent use, or its size being too small and provided that at least one of the able-bodied family members has employment outside the subsidiary farm as his or her main job.

Table 2. Comparison of division of sort of land use (%)

Year	1995	1996	1997	1998	1999	2000	2001
Agricultural land	39.4	39.0	39.0	38.7	38.5	38.5	38.4
Forests	44.6	44.3	44.9	44.1	44.2	44.4	44.3
Brushwood	–	–	2.0	1.9	1.9	1.9	1.8
Swamps	–	–	3.6	3.9	3.9	4.2	4.0
Waters	–	–	3.0	3.2	3.3	3.3	3.5
Yards	–	–	1.4	1.4	1.4	1.4	1.4
Roads	–	–	1.8	2.0	1.9	1.9	2.0
Other lands	16.0	16.7	4.3	4.8	4.9	4.4	4.6
In total	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table 3. Land ownership and use breakdown as of 01. 01. 2002

Division of land property (as by 01. 01. 2002)

	ha	% of total area of land property	% of total area of Latvia
Physical entities	2 892 217.1	95.2	44.8
Legal persons	108 832.6	3.5	1.7
Municipalities	90 999.2	2.9	1.4
State institutions	31 588.7	1.0	0.5
Common properties (mixed legal form)	1 944.3	0.1	–
Land properties in total	3 125 581.9	100.0	48.4

Division of land use (as by 01. 01. 2002)

	ha	% of total area of land use	% of total area of Latvia
Physical entities	920 796.4	28.9	14.3
Legal persons	64 064.8	2.0	1.0
Municipalities	293 273.3	9.2	4.5
State institutions	1 904 585.5	59.9	29.5
Land use in total	3 182 720.0	100.0	49.3
Free state land	150 563.3	–	2.3
In total in the Republic of Latvia	6 458 865.2	–	100.0

As of beginning of 2002, 44.5% of national land fund were with a registered ownership, but 52.7% were allocated for permanent use to private individuals, legal entities, as well as local governments and public institutions. In land ownership structure, private individuals represent the main share, owning altogether above 2.7 million ha, which is about 94% of lands with registered ownership (Table 3).

Meanwhile, public institutions are the leaders among land tenants.

The land reform is halfway to its completion and there is much to be done yet. In the year 2001, the land privatisation process was realised in large quantities and intensive and as a result of it, the proportion of land properties has grown by about 3.2% and the areas of free state land were specified as well. At the moment, the main and urgent goal concerns strengthening of the results of land reform. It means that all the information on real estates (land and buildings), uses and area of lease obtained during the previous course of land reform must be reflected into the real property cadastre.

The State Real Property includes flats or group of premises, property value, encumbrances, property address, lease objects. The graphical part of the cadastre is concerned with the information on: borders of land property parcels, buildings and engineering structures, encumbrances and protective zones, lease objects. The State Real Property Cadastre is comprehensive and complete in the whole territory of the state disregarding the fact whether the Ownership Cadastre in Latvia is computerised register that composes of both textual and graphical parts. The textual part of the cadastre is concerned with the information on: ownership, land unit (parcel), owner

or actual possessor, buildings and engineering structures has already been registered or is in the process of forma-

Table 4. Division of lands according to groups of the purpose of real property use (as by 01. 01. 2002)

Groups of the purpose of real property use	ha	%
Agricultural purpose	4 058 896.9	62.8
Forestry	2 019 135.1	31.3
Water-farms	127 413.3	2.0
Land resource excluding industry	16 308.2	0.2
Fish-farms	493.0	–
Dwelling houses	36 497.3	0.6
Multi-flat houses	12 777.4	0.2
Commercial areas	3 983.2	0.1
State administration, health care, education, culture, sport, other public objects	44 971.5	0.7
Industrial areas	17 513.1	0.3
Communication, transport infrastructure	101 770.3	1.6
Engineering structures, communication nets	6 553.1	0.1
Protection areas of national inheritance	9 159.7	0.1
Other objects, excluded from classification	2 557.2	–
Harbours and sea terminals	835.9	–
In total	6 458 865.2	100.0

tion. The registration of data is being done in a uniform system according to common principles.

Land privatisation process continued also in 2002. As a result, via privatisation of lands in tenure, the share of land in ownership has increased by 5%, and, respectively, the share and areas under tenure have decreased. In 2002, also the process of allocating free lands for permanent use proceeded (in fact it means the first stage in the privatisation process).

According to the State Land Service, at the beginning of 2002, out of all land under ownership or tenure, about 4.1 million ha have been allocated to private farms, enterprises and state farms, which have reported agriculture as core business. These areas, apart from agricultural land, include forests and other types of land use (Table 4).

The number of family farms, defining agricultural production as the land use purpose, has increased considerably between the land reform starting point and 1995. After 1995, the number of these farms has gradually started to shrink, however, the farmed areas are continuously increasing. Meanwhile, due to the privatisation, the number of state farms has notably decreased, and their area has decreased considerably. In 2000, no crucial changes

in land use structure have taken place, and the identified trends continued.

Agricultural land use

The trends in the use of agricultural land serve as an indicator of agricultural policy implementation. If the land is used to full extent, it is an evidence of the capacity of agricultural sector to generate stable and sufficiently high income, which encourages expanding business and a more complete use of the available natural resources. And vice versa, if a contrary trend is observed in land use, it means that traditional agriculture is not capable to generate an income, which would motivate the people employed in agriculture to expand their business (Table 5).

The total area of agricultural land has decreased from 3 679 thousand hectares in 1935 to 2 485 thousand hectares at the end of 2000.

Unfortunately, in Latvia during the recent years, the non-farmed areas continue to grow, and this fact is closely related to the low income level in the sector.

In 2000, the State Land Service, which is the land use supervising institution, and the Ministry of Agriculture

Table 5. Classification of land by main purpose and kind of use on January 1st 2001 (thousand hectares)

	Total area of land	Of which		
		land of agricultural enterprises and farms	forest land	land of other users
Land – total	6 458.9	4 068.2	2 016.0	374.7
Agricultural land	2 484.9	2 418.4	42.4	24.1
arable land	1 844.8	1 819.5	15.2	10.1
permanent crops	28.8	24.6	0.2	4.0
meadows and pastures	611.3	574.3	27.0	10.0
Non-agricultural land	3 974.0	1 649.8	1 973.6	350.6
forests and woodland	2 868.2	1 197.9	1 651.4	18.9
other land	1 105.8	451.9	322.2	331.7

Table 6. Non-used agricultural lands between 1996 and 2001

Indicators	1996	1997	1998	1999	2000	2001
Land not used for agricultural production:						
thousand ha	390.0	402.0	361.8	434.0	443.4	516.8
% of agricultural land	15.5	16.0	15.6	17.5	19.0	21.7
Areas overtaken by weeds:						
thousand ha	196.0	191.0	144.0	175.7	184.8	179.4
% of agricultural land	7.8	7.1	6.2	7.5	7.9	7.5
Areas overtaken by shrubs:						
thousand ha	20.0	15.1	21.5	26.5	31.7	41.6
% of agricultural land	0.8	0.6	0.9	1.1	1.4	1.8
Areas overtaken by bogs:						
thousand ha	7.5	5.0	5.0	6.4	–	–
% of agricultural land	0.3	0.2	0.2	0.3	–	–

Table 7. Areas with transformation permissions of agricultural land

Year	Agricultural land for transformation (ha)	Including meliorated areas (ha)	Purpose of transformation (ha)				
			forest	waters	building	roads	other
1998	368.7	–	343.2	39.4	5.1	–	–
1999	927.0	98.7	800.1	101.9	16.8	–	–
2000	1 382.0	1 108.3	1 244.0	57.5	20.2	1.7	58.2
2001	773.5	417.1	533.5	110.0	92.9	–	37.1

developed a common methodology “Agricultural land supervision at pagasts’ and rural territories of cities”, singling out meliorated lands in the aspects that have a significant effect on the functioning and preserving of land improvement systems.

Starting with 1998, when all rural territories were in supervision of agricultural land, the size of non-used agricultural lands was in average 2% per year (Table 6).

As a result of supervision, in 2000 it was identified that the land areas overtaken by shrubs are increasing, i.e., 31 743 ha or 1.4% of total agricultural land, including 10 248 ha of meliorated lands – it is 0.65% of all meliorated agricultural land.

It gives some basis for the conclusion, that situation in farming is quite critical and that it is aggravated by the trends in the recent years. The situation could be improved only in case if there appears an economic incentive to farm the land – if agricultural income increases; support payments are introduced for tilling the areas or cutting grass, or quite on the contrary, a penalty system will be introduced for leaving the land in fallow.

However, at this moment recovering of agricultural lands may involve rather high costs.

A targeted land transformation process management is an alternative way for solving problem of fallow agricultural lands. The results of transformation permissions issued by the Rural Support Service of the Ministry of Agriculture have been summarised in Table 7. The agricultural land areas with permission to be transformed increase every year. The areas subject to transformation are the meliorated lands, which are potentially more advantageous for agricultural production. However, it is evident that presently transformation is not able to notably influence and at least partly solve the failure to farm agricultural lands. If we compare the non-farmed agricultural land areas in 2000 and the areas, where transformation permissions have been issued, they include only 0.3% of the fallow agricultural lands.

CONCLUSION

The structural changes have taken place during the period of years 1990 to 2002 in rural economy, especially in agriculture. The further restructuring of the agricultural sector that is related to reduction of the number of person employed in agriculture will increase the social tension in future. Consequently the need for training of population and measures for diversification of the rural economy increases, as this would reduce the dependence of the income of rural population on natural agriculture, promote development of non-agricultural companies in the countryside and provide for reorientation of labour leaving the agriculture towards other types of entrepreneurship.

Firstly, it is necessary to stop the degradation of a rural landscape related suspension of agricultural production in low-fertility lands, and to use those land resources for the development of other sectors having regard to the land transformation opportunities and the aesthetic qualities of the landscape.

Rural tourism, forestry, wood processing, primary treatment of wood and joinery, growing of agriculture, processing of agricultural products, as well as work outside farms, for example, work in municipalities, town etc., are the mayor non-agricultural activities in agricultural holdings. The type of income sources and number of farms obtaining income from activities that are alternative to agricultural production.

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