

CURRENT PROBLEMS OF LAND MARKET AND LAND RELATIONS IN UKRAINE

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ABSTRACT

The main problems of modern land relations are investigated in the article. The foreign experience of reforming the land market has been generalized, which has made it possible to identify proposals for improving the effective institutional framework of land legislation. The subject field of the state policy on the land market in Ukraine is formulated. Monitoring of land market based on information in the State Register of rights to immovable property and its results publication is proposed. It is determined the factors, on which public administration should be based in the field of land ownership. Problematic issues of land reform implementation are presented. The necessity of transfer of state-owned lands outside settlements to communal property of village, settlement, city councils is substantiated. It is proved that the economic mechanism of land relations regulation in Ukraine requires a thorough rethinking and renewal of efficient land policy economic regulations.

Keywords: land policy, reform, land legislation, monitoring, land ownership, regulatory mechanism.

INTRODUCTION

In Ukraine, the issues of current interest of market relations regulations are reforms in the field of land tenure, land use. The process of land market formation has become more complicated in recent years due to consumption attitudes towards it, inefficient and irrational use of land resources. Despite the fact that Ukrainian chernozems are the most fertile soils in the world, and agricultural lands are mostly used in economic circulation, it is not possible to form an effective landowner, turn land resources into a major factor of economic growth, reduce social tensions in rural areas, increase living conditions in rural areas, improve the environment, etc. The unresolved social, legal, organizational and economic problems of land use are due to the lack of a balanced public policy. It should apply successful experience of developed countries, where regulatory policy priority is to ensure rural development, it is worth to summarize the international experience in reforming the land market that allows to define the key stages of the institutional framework of land legislation improvement.

RESEARCH METHODS

The theoretical basis of these studies is a dialectical method of cognition of economic phenomena and processes in their continuous development and relationship. To achieve this goal are used the following methods: dialectical logic and abstract - in a synthesis of theoretical and methodological provisions for state regulation of land use, reform; monographic - in highlighting the views of scientists, who worked on the studied problems, and in studying the development of the land market, domestic and foreign experience. The information base of the study was the data of the State Geocadastre, normative and legislative documents of Ukraine regarding effective land market state regulations.

RESEARCH RESULTS

Land issues were always important and urgent, as the effective land use in any country was and remains a key issue for agricultural sector development. There is a need to create an effective mechanism for land transformation, which would be carried out on the basis of scientific substantiation and practical testing, stimulate the effective use and preservation of land.

Our country uses outdated methods and techniques in the field of land relations, legal problems hinder the development of the land market, hinder the development of the industry and are an obstacle to attracting investors to Ukraine.

Scientists believe that the level of development of land relations is insufficient, the issues of efficient use of land resources and mechanisms of land market regulation need research.

The protracted process of land reform has a long history of development and, unfortunately, has not ensured the formation of an effective landowner, land user [2]. It is due to the complexity of solving organizational and technical problems and differences between legal documents governing the development of land relations. There is a need for a clearer definition of the place and role of the state in the formation of new land relations, development of mechanisms for the implementation of various forms of ownership of agricultural land, widespread introduction of mortgage mechanisms, addressing land ownership issues and creating favorable conditions for citizens to exercise private land ownership, etc.

The deepening market reforms in the process of land reform requires further legal amendments to harmonize economic, environmental and social targets as well as the construction of the algorithm based on the settlement of the system of ecological and economic principles. Relevant regulatory changes should become a continuous process of quantitative, qualitative and substantive changes in all institutions of land relations.

The state, at the expense of its own financial and land resources, must participate in the land market turnover, thus influencing the supply and demand, and hence the market pricing, without restricting the rights and freedoms of other market participants [4]. State regulation of the land market should be considered as a set of goals, strategies, forms and methods of implementing a balanced and balanced state policy to ensure efficient use of natural resources of the country and the transformation of land resources, agricultural production into Ukraine's economic growth program.

Reforming the latest land relations implies that land in Ukraine can be sold only at electronic land auctions; it will be mandatory to register the land price during the transaction; the ban on the transfer of agricultural property rights from one person to another is envisaged; Citizens of Ukraine, state and legal entities registered in Ukraine will be able to purchase land. There are also restrictions on the area of agricultural land, which can be leased and owned by one person, it can not exceed 35% of the area of land in the community, not more than 15% of the region and not more than 0,5% of the country. Recognition of land market turnover should improve the forms of management, methodology and techniques of land pricing, economic management mechanism, attracting investment through land mortgages and intersectoral regulation of the agro-industrial complex of Ukraine.

This leads to rethinking and the development of a new integrated system of economic controls that contribute to the formation of a new model of social relations and effectively solve the problem of the state land policy in the developed market economy, because most of the existing institutional, economical and organizational instruments are based on outdated regulatory and methodological basis.

After analyzing the current situation in the field of land management, main factors are represented, which should be the base for governance in land use and land ownership relations (Figure 1).

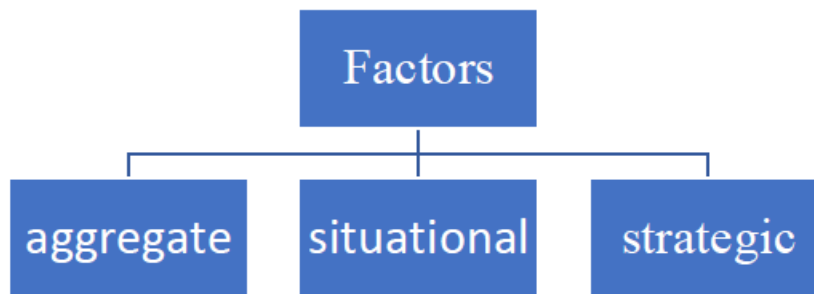


Figure 1. Factors on which public administration should be based in the field of land use and land ownership relations

The table shows that public administration in the field of land use and land ownership relations includes three factors: aggregate, situational and strategic. Aggregate factor consist of land market formation within the common set of development problems of our country economy. The situational factor is to take into account the real social, political and economic situation of land ownership reforms. Strategic factor lies in the long eternity role of land resources, rather than focus on the current problems of economic development.

The issue of formation and regulation of the land market is one of the most important areas of state economic policy. It affects almost all spheres of socio-economic life - from agricultural production to the preservation of landscapes and agricultural lands. Ensuring the land market includes such components as: organizational and financial, regulatory and incentive, research and information (Fig. 2).

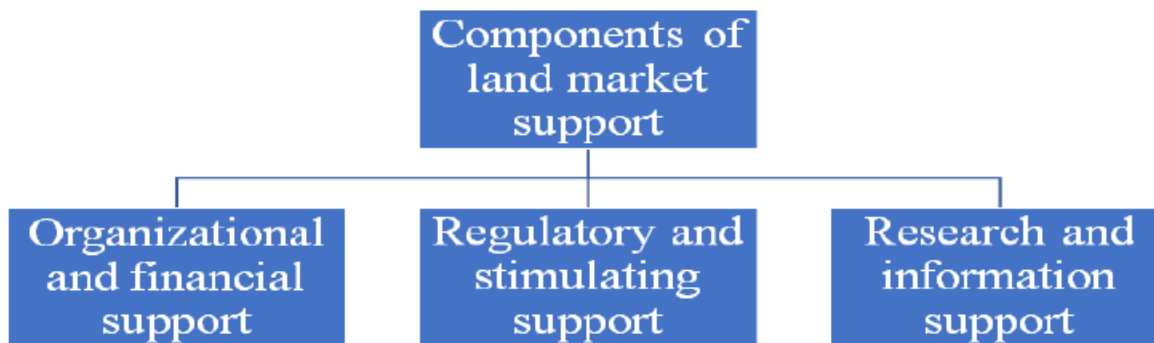


Figure 2. Components of land market support

Thus, the organizational and financial support of the land market includes land auctions (auctions), directly enterprises - organizers of land auctions, insurance companies, land banks; regulatory and stimulating support of the market includes institutional and fiscal systems and regulation of land relations, state funds to stimulate activity in the land market, and research and information support of market participants includes information, consulting, land management companies, institutions, organizations, law firms higher education institutions that train specialists in the field of "Geodesy and Land Management".

Given the problems of modern land relations in Ukraine and its focus on European integration, there is a need to study foreign experience of reform in the land market, which will provide recommendations for improving the effective legal framework of land legislation in our country.

Analyzing the experience of a free land market in different countries [1], it can be noted that this is a purely individual matter of each state, because it has not always led to the same consequences and social stratification. For example, Russia has no incentive and to turn the land over vast reserves of oil and gas. Difficult social conditions in Moldova for their citizens cause lack of interest in the free movement of land, interest in land is revealed mostly by foreigners. In Georgia and Brazil, there has been self-seizure of land by peasants, which has been a problem [3]. It follows that it is not the land market that plays a key role in carrying out land reform, but the current land legislation and enforcement.

Features of state regulation of land relations in different countries are presented in table 1.

Table 1. Foreign experience in regulating land relations

Feature of public administration in the field of land use	France	Denmark	UK	Poland	Germany	Hungary	Ukraine
Land use control	+	-	+	-	-	-	-
Requirements for land turnover and size	+	-	-	+	+	+	-
Requirements for landowners and land users	-	+	-	-	+	+	-
Requirements for the formation of the land market on an economic basis	-	-	-	+	-	-	-
Legislative support	-	-	-	-	+	+	-

The table shows that in France and the United Kingdom there is a strict control over land use, because in France all land agreements are in the field of view of the state, as they are subject to registration, and in Britain virtually all land is owned by the royal family. In Ukraine, land use control and protection are not yet at the proper level, it is in its infancy.

Requirements for the circulation of land and their areas in France are subject to the permission of a special administrative committee for various transactions with land, in Poland only with the permission of local authorities landowner can sell a plot of more than 1 hectare, in Germany it was created a state treasury for the purchase of land from the peasants and selling them to more promising buyers in order to strategically divide the land for more skilled entrepreneurs. As we can see, in many European countries there have long been functioning markets for agricultural land with clearly defined legislation, among which special attention is paid to limiting the concentration of a significant amount of land in one hand. In Austria, Denmark, Germany, Norway, the acquisition of agricultural land is based on the permission of the authorities in the presence of justification for the intended use of land and certification of professional agricultural specialty of the potential landowner. In Denmark, in order to purchase a plot of land, a farmer must have lived in the area for at least eight years. This is aimed at preventing excessive concentration of land, purchase for speculation, misuse, violation of environmental requirements for land use, violation of the agrarian structure, and so on.

Requirements for landowners and land users in Denmark, Germany and Hungary are the availability of agricultural education or a certificate of professional training related to agricultural activities. This cannot be said about Ukraine, unfortunately we do not have such requirements for landowners and land users. In the UK, land can be freely purchased by any entity, including foreigners, and by purchasing the land, the owner will own it forever, subject to foreclosure.

Given the major trends in farming in the EU, it may be noted that as of 2018 the contribution of the agricultural sector into the EU GDP was 1,1%. In total about 10 million people are involved

in EU agricultural sector. In EU most farms are families, their labor force is formed by family members, the size of farms is small, the average size is 16,6 hectares and only 15% of farms are larger. And most important fact is that agriculture has a fairly high level of state financial support in the form of subsidies.

With the formation of the land market in Eastern Europe and the former Soviet Union (the Baltic states), the main objective was to develop a real and effective land owner, who would efficiently use the land without damaging its fertility and qualitative state. This led to the establishment of requirements for: mandatory residence of the owner on the land, the establishment of a maximum limit on the concentration of land resources in one hand (for example, in Poland not more than 500 hectares); availability of appropriate education. And the long transition period allowed farmers to form the necessary amount of financial resources to purchase land. Therefore, our country in the formation of the land market must first take into account the characteristics of other foreign countries and apply them in practice. For example, one can take into account the main characteristics of the land market formation, such as the protection of the interests of national agricultural producers and the harmonization of land markets and legislation within the EU, the other requirements are presented in Figure 3.

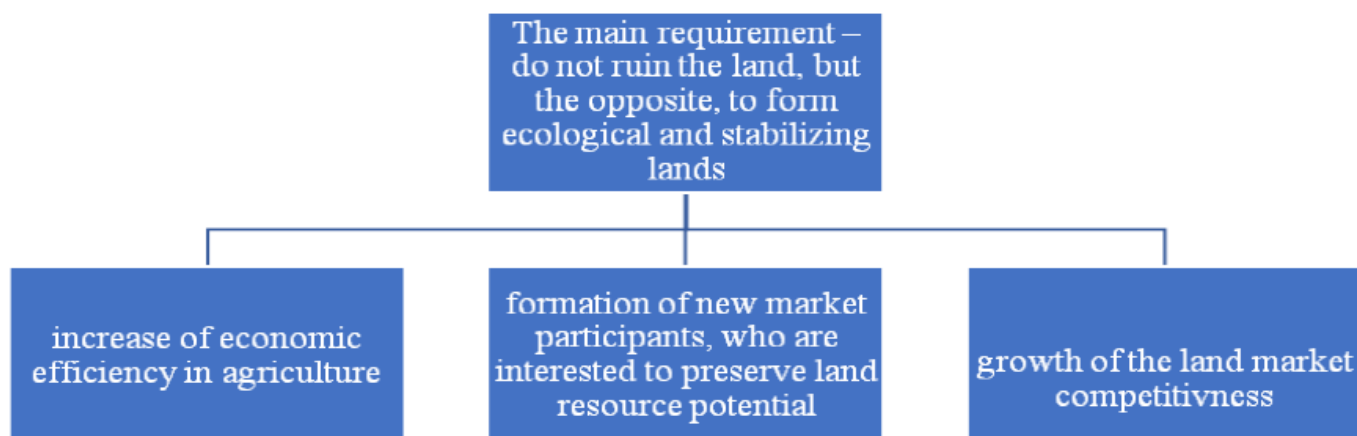


Figure 3. The main characteristics of the land market in Ukraine

Effective regulation of the land market becomes possible if the market environment is sufficiently accessible to the state and it can constantly monitor the real supply and demand for land for various purposes. This will effectively forecast the dynamics of market indicators such as supply and demand, land prices for various purposes, the number of transactions in the market, the liquidity of land as an economic resource at the local, regional and national levels and more [5]. An important task is the constant analysis of the compliance of the value of land with the real purchasing power of citizens and economic entities, which will effectively prevent various negative phenomena [6].

Monitoring land market should be held by Derzhheokadastr, that fulfill collection, processing, summarization and analysis of the information about the price of real rights to land in contracts on their exclusion, and information about the market value of real rights to land according to their expert money estimation, a definition on this based on comparable prices for land for different purposes (Table 2).

Unfortunately, agricultural sector does not have stable and effective legal base, and this raises doubts in the ability of agricultural businesses make the purchase of land on which they operate. A long - term moratorium on land sales in Ukraine slowed down the development of the land market and added problems with the exchange rate, which led to the fact that in hryvnia growth in land value in Ukraine looks attractive (Fig. 4), but if you look at the same data in US dollars - the results look awful, on the contrary, indicating a fall in the value of land (see Figure 5).

Table 2. Normative monetary valuation of arable land in Ukraine

№	The name of the administrative	Information as of					
		01.07.1995		01.01.2006		01.01.2017	
		hryvnia	dollars	hryvnia	dollars	hryvnia	dollars
1	Zhytomyrska	2444	1358	6234	1247	20581	823
2	Chernigivska	2900	1611	7399	1480	24423	977
3	Mykolaivska	3130	1739	7985	1597	26360	1054
4	Zakarpatska	3132	1740	7991	1598	26378	1055
5	Luhanska	3149	1749	8034	1607	26519	1061
6	Lvivska	3161	1756	8065	1613	26622	1065
7	Odeska	3338	1854	8517	1703	28114	1125
8	IvanoFrankivska	3392	1884	8653	1731	28568	1143
9	Sumska	3494	1941	8915	1783	29427	1177
10	Volinska	3555	1975	9070	1814	29939	1198
11	Ternopil'ska	3567	1982	9101	1820	30039	1202
12	Rivnenska	3729	2072	9513	1903	31406	1256
13	Kyivska	3796	2109	9685	1937	31970	1279
14	Kirovograd'ska	3811	2117	9724	1945	32097	1284
15	Kharkiv'ska	3860	2144	9846	1969	32506	1300
16	Dnipropetrov'ska	3862	2146	9854	1971	32526	1301
17	Vinnytska	3927	2182	10020	2004	33073	1323
18	Zaporizka	4018	2232	10252	2050	33838	1354
19	Chernivetska	4037	2243	10300	2060	34000	1360
20	Khmel'nitsk	4096	2276	10450	2090	34496	1380
21	Kherson	4120	2289	10512	2102	34699	1388
22	Poltav'ska	4121	2289	10377	2075	34253	1370
23	Donetsk	4139	2299	10559	2112	34855	1394
24	Autonomous R-ka Krim	4387	2437	11193	2239	36946	1478
25	Cherkasy	4727	2626	12061	2412	39811	1592

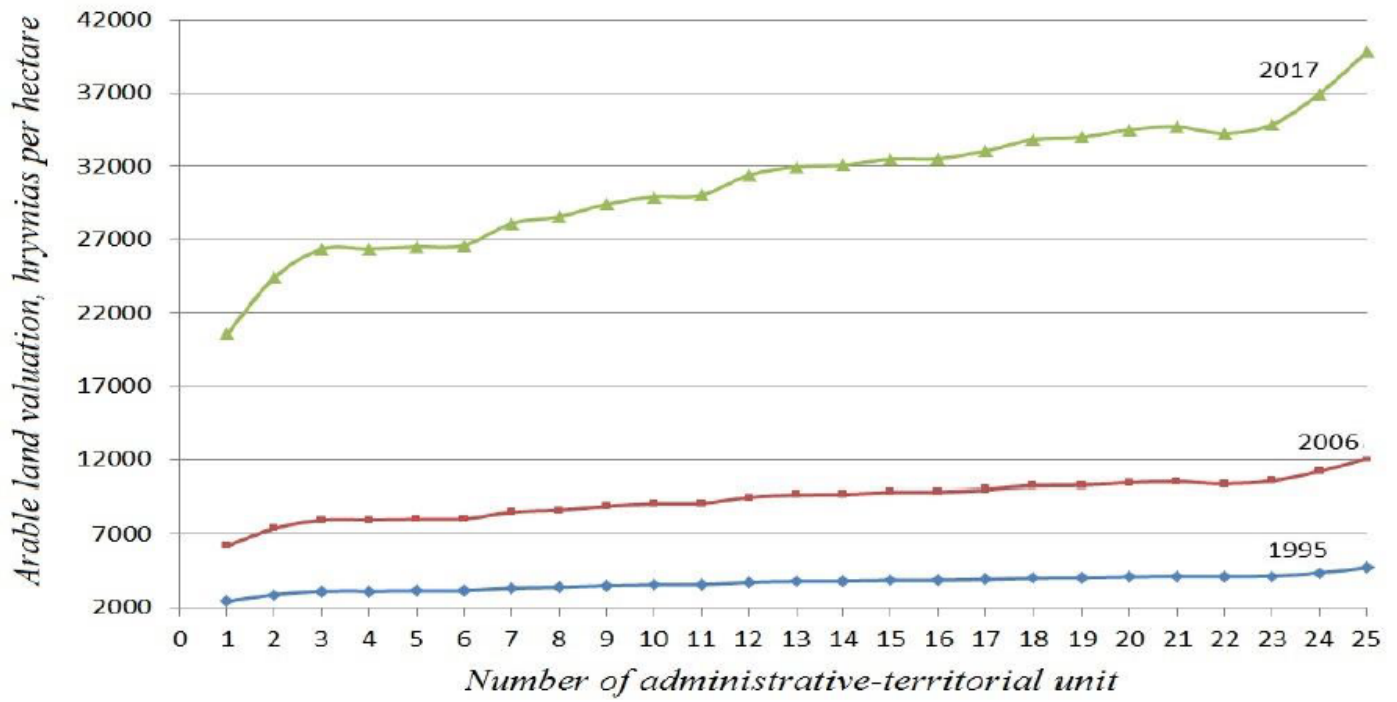


Figure 4. The monetary valuation of arable land in Ukraine in December in hryvnias per hectare

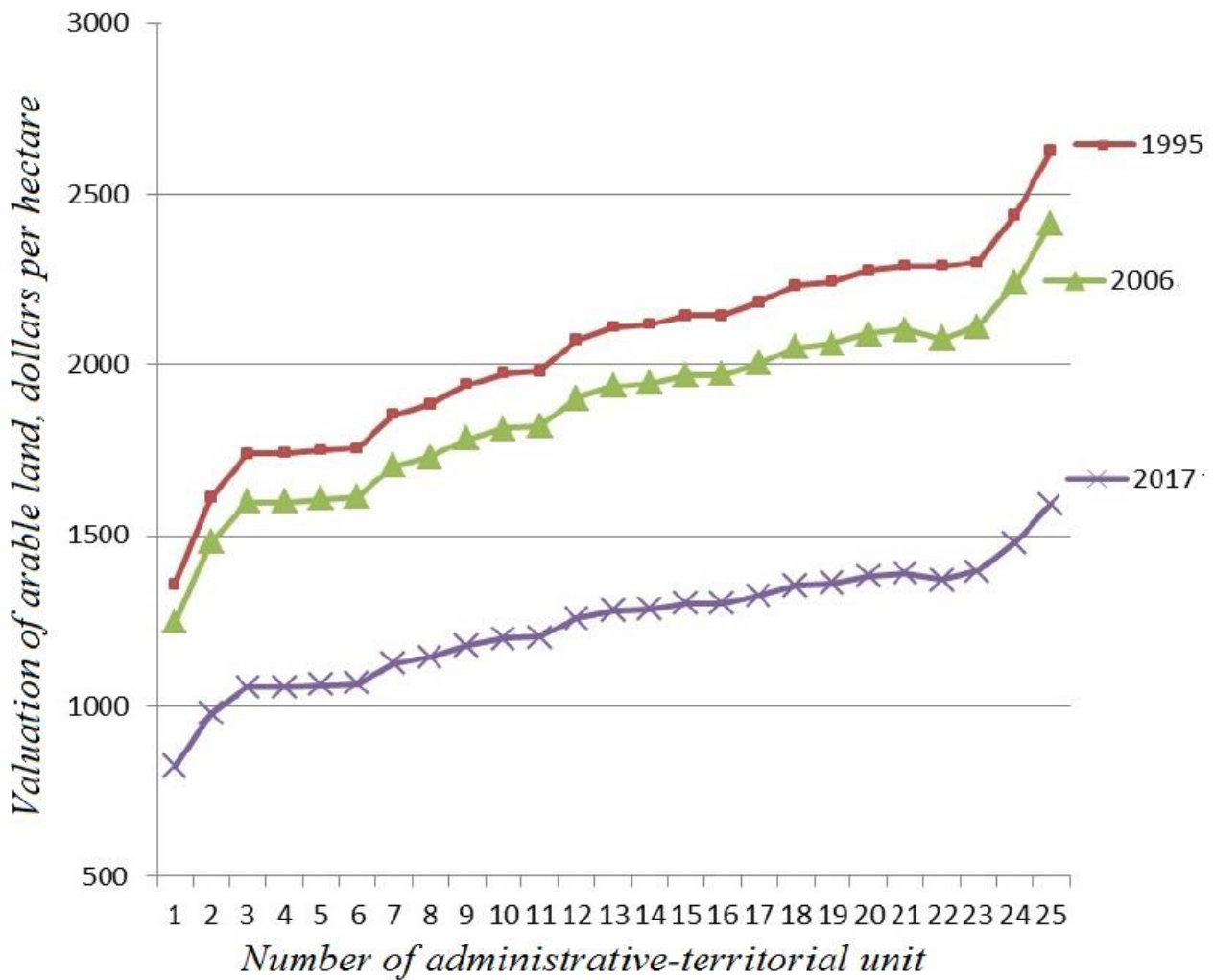


Figure 5. The monetary estimation of arable land in a country in US dollars per hectare

October 7, 2020 the Verkhovna Rada of Ukraine on Agrarian Policy and Land supported the draft law on amendments to the Land Code of Ukraine and other legislative acts on improving governance and deregulation in land relations (registration №2194), which proposes to transfer state-owned land outside the settlements (except for lands that are needed by the state to perform its functions) to the communal property of village, settlement, city councils (from 01.01.2021). It is also proposed to cancel the institutes of state examination of land management documentation and agrochemical certification of land, to cancel the approval of land management projects for land allocation and author's supervision over the implementation of land management projects, to cancel the agreement with the Cabinet of Ministers of Ukraine on sale of non-agricultural land. With regard to restrictions, it is also proposed to exclude from the Land Code of Ukraine norms that restrict the ability of foreigners and foreign legal entities to purchase non-agricultural land plots outside settlements.

The main problematic issues of implementation of land reform in Ukraine, in our opinion, is shadow economy, inability of the authorities to objectively assess the readiness of the agricultural sector to privatization, land inventory problems associated with available transparent information on the quantity and quality of land resources, biased quantitative and qualitative characteristics of lands, their assessment, imperfection of the legal framework, lack of established requirements for the buyer.

Therefore, we believe that first of all it is necessary to assess and improve the regulatory, institutional, financial and economic, personnel conditions of the land market, which will determine the readiness of economic entities for land ownership reforms. Only after the proposed policy measures it could be expected the development of real favorable conditions for further reforms in land use and management.

CONCLUSIONS

The issue of land market state regulation in Ukraine remains relevant and requires a broad scientific and practical discussion on the content, forms and timing of implementation. We have determined that the provision of the land market includes such components as: organizational and financial, regulatory and incentive and research and information. The main factors on which public administration should be based in the sphere of land ownership relations have been formed and include three categories: aggregate, situational and strategic. The necessity of transfer of state-owned lands outside settlements to communal property of village, settlement, city councils is substantiated. It is proved that the economic mechanism of land relations regulation in Ukraine needs a thorough rethinking and updating of an effective system of economic regulators of land policy. Agricultural sector does not have stable and effective legal base, and this raises doubts in the ability of agricultural businesses make the purchase of land on which they operate.

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