

AGRICULTURAL LAND USE IN LITHUANIA

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Introduction

Rearrangement of agricultural system by establishing viable farms under conditions of market economics and ensuring the stability of their land use, i.e. providing with land, the ownership or long-term use of which is legitimized, is one of the priority aims of the land reform. Restoration of ownership rights to the land owned until 1940 was supposed to be the main source to acquire land as one's property. Land reform enabled to privatize state and nationalized formerly private land upon the procedure defined by the law.

The aim of the land reform was to make legal, economic, and organizational assumptions to rationally develop agriculture and food industry, selecting the forms of farming individually. Regulation of the agrarian reform process and new (rearranged) farming structure activity was supposed to form the basis for legal assumptions to achieve rational farming. Economic assumptions to develop agriculture rationally must have been composed of the set of state support measures, encouraging rapid development of components prevailing in farming structures, i.e. the property necessary for farming, namely land with reclamation equipment, industrial structures, agriculture technology, and animals, must be smoothly transferred to the farms as their ownership. The whole general measures, ensuring smooth work of agricultural structures, relation of farming subjects with companies buying and processing production as well as organizations providing service for agriculture must have constituted organizational assumptions to rationally develop agriculture. Organizational assumptions with regard to land use point of view must have been composed of appropriate territory management by forming land use and infrastructure of agriculture [2]. It is the duty of the State is to ensure that land should be preserved used rationally [5]

The aim of the research – to identify the impact of land reform on the development of farming land holdings and use of agricultural purposes land in Lithuania.

In order to accomplish the research the structure of already formed farms and the extent

of land privatization were investigated, distribution of farming land were analysed as well. Analysis of legal, methodological and scientific literature and statistical data as well as abstracting and mathematical statistical methods was applied. The research is based on the data of Department of statistics, National Land Service under the Ministry of Agriculture, National Paying Agency under the Ministry of Agriculture and state enterprise National Land Fund.

Results of the research

In 1991 about 1.1000 large-scale companies of agriculture, namely collective and state farms, and 466 000 families, who have been given homestead land for personal farming, were using agricultural purposes land. Implementing the land reform and legal acts regulating privatization of agricultural company property three main types of farms have formed: I – non-commercial family farms; II – commercial farms of natural persons; III – commercial farms of legal persons. The first group of farming persons includes families living in the village, using the land for a personal farm, which was legitimized in 1990 by providing up to 2-3 ha of agricultural land farming on the basis of the resolution of the Supreme Council as well as families using small areas (up to 5 ha) of restituted or otherwise acquired land parcels. The second group contains farming natural persons, the main income of whom comes from commercial agricultural activity, that is, cultivation and realization of agricultural production. The majority of these people have recorded their farms on the register of Farmers. The third group is composed of agricultural companies and farms of other organizational form legal persons, pursuing agricultural activity. In 2010 there were 117 000 farms in the first group. Group II contained 82 000 whereas group III encompassed 600 farms. Land privatization conditions for separate farm groups were not the same. Therefore, in 2010 the area of farming land on the natural persons' farms in the owned land constituted 1348.3000 ha or 56.8 % of all the land used whereas on farms of legal persons it made up 58.3 000 ha or about 16 %. It can be explained by the fact that during the land reform only the area of land could be designed and legalized as an owned one for which it was possible to restore the ownership rights (on average 5.5 ha of land were given to one person).

Natural persons, extending their farms, were supposed to buy the remaining land from other owners of the private land, i.e. people who had their land restituted but could not pursue farming. In addition, subsequently they could buy state land under the fixed conditions. Nevertheless, there were certain restrictions [3].

When restituting or transferring land parcels to one's ownership in rural area, including the land of personal farms, the area of land with restored ownership rights on the 1st of January in 2014 was 3345.1 000 ha (51.2 % of the total area of the country). Moreover, the area of privatized personal farm land constituted 258.8000 ha whereas the area of sold vacant state land made up 209.2 000 ha.

According to the data of Agriculture Census in 2010 there were 199 000 farms, using more than 1 ha of the farming land [4]. Having

excluded families who have not privatized their personal farm land (42 000), we obtain 157 000 land owners, cultivating the land. It almost corresponds to the number of farms that have declared farming land in 2013 (149 000). The ratio between all land owners and agricultural activity subjects cultivating the land is 3.7:1. Such a situation has formed due to the nature of restitution land reform and liberal laws, allowing one to purchase agricultural purposes land for any citizen or legal person of the republic of Lithuania. Purchase of land from such owners will take much longer than it could have been performed by the state during its initiated land reform. The number of small-scale land owners is significantly increasing (1 table).

1 table. Parcels of private agricultural purposes land in the republic of Lithuania

Area of land holding, ha	01/01/2014				In comparison 01/01/2006		
	Number of holdings	area ha	%	Ha for 1 holding	Number of holdings	area ha	%
Natural persons							
Up to 3 ha	308660	446158	14,1	1,45	233852	403159	15,0
3.1 – 10 ha	167996	918134	29,0	5,5	173121	952823	35,4
10.1 – 150 ha	70741	1583140	49,9	22,4	66161	1294470	48,2
More than 150 ha	884	221384	7,0	250,4	173	39427	1,4
Total:	548281	3168816	100,0	5,8	473307	2689879	100,0
Legal persons							
Up to 3 ha	1804	2073	1,0	1,15	322	445	1,0
3.1 – 10 ha	807	4668	2,3	5,8	201	1088	2,3
10.1 – 150 ha	955	38077	18,4	39,9	311	12043	25,8
More than 150 ha	403	161625	78,3	401,1	81	37217	70,9
Total	3969	206443	100,0	52,0	905	46793	100,0

The following data of land fund state accounting of 01/01/2014 shows that large-scale farmers have acquired by the right of the ownership less than a half of the land used:

- There are only 1645 farms using 150–300 ha of farming land while 668 land owners, managing such area could be found;

- There are 536 farms using 300–500 ha of farming land whereas 232 land owners manage such area;

- 268 farms using more than 500 ha are found while there are 19 land owners of such area.

Such a situation can be explained by the fact that during the land reform restoration of ownership rights for people “transferring“ land parcels to agricultural purposes land was more important than

purchase of land for its users. Even having made the purchase of agricultural purposes land stricter by including protectors, problems will occur acquiring private land from its owners as well because the laws do not forbid the owners to sell the land for persons purchasing it for speculation reasons (when the land user or the other person having priority right, informed about the sold land parcel does not agree to buy it at the price proposed by the owner). As a result, distribution of agricultural purposes land in the right of ownership is not favourable for people cultivating it (2 table).

2 table. Distribution of farming land according to the owners and users of agricultural land purposes in the republic of Lithuania in 2013 (the data is approximate)

Thousand ha

Groups of land owners and (or) users	Have the right of ownership and:			Rent from the state for agricultural activity:		Use in total
	Use themselves	Rent to others	Do not use	state	Other owners	
Subjects of agricultural activity (160 000 persons)						
Natural persons	1300	x	x	280	840	2420
Legal persons	160	x	x	45	175	380
Other land owners (390 000 persons)						
Natural persons	x	985	400	x	x	x
Legal persons	x	30	-	x	x	x
state	x	325	140	x	x	x
Total	1460	1340	540	325	1015	2800

The following problems occurred due to the state unregulated development of farms:

- Subjects of agricultural activity purchase and rent parcels of private land in order to extend their farm, competing with other persons. Incompact arrangement of land massive used by large-scale farms can be formed in spontaneous, state unregulated land market conditions. Therefore, the costs of working time and finance for moving between distant parcels increase.

- As there are no specific regulations of legal acts, guiding the size of agricultural purposes land parcels and other parameters, a significant part of the already formed land parcels are small, of irregular shape, arranged in long, narrow stretches, established disregarding the direction of the main land cultivation work;

- Rearranging land parcels upon the initiative of land owners the division of parcels proceeds and it aggravates conditions for mechanized work of crop production. Within the period of 1996-2013 the average size of agricultural purposes land (its area of farming land) decreased from 6.6 to 2.5 ha.

Numerous problems arise because it is difficult for farms to acquire even the already used or fallow state and private land. While renting private land, a significant part of the obtained farming income is received by owners as the rent tax is ten times higher than the one paid by the land owner to the state. Moreover, there is no guarantee that the rented land parcels in the will of the owner will be transferred to the ownership or rent for other persons. The situation would improve if the currently discussed the new-edition temporary law of acquiring agricultural purposes land [7] were approved by the Sejm, the main protectors of which can be described as follows:

- The provision that a person, who has professional skills and competence, can acquire agricultural purposes land. It is a natural or legal person who has pursued agricultural activity for at

least three years within the period of the last ten years and declared farming land;

- The provision that a person, whose owned private land constitutes more than 10 ha, willing to acquire the land must obtain the permit of municipality administration director, issued having received the approval of various specialist commission formed by the municipality administration board; this commission evaluates the conformity of a willing-to-acquire-land person's activity to the criteria defined by the law.

Conclusions

1. When pursuing land reform in Lithuania the priority was given not to the formation of farming land but to restoration of ownership rights to the land.

2. Having privatized the property of former agricultural companies, three types of farms formed in the country: non-commercial (family) farms, farms of natural persons, growing commercial agriculture production and those of legal persons. The land owned by farms constitutes only 50 percents of the land used by the farms. The process of acquiring agricultural purposes land can be induced by legal measures of state regulation and financial support to make the farm economy stronger.

3. During 22 years of the land reform in Lithuania the area of farming land decreased in 200 000 ha. In addition, in 2013 more than 500 000 ha of farming land were not declared.

4. The most relevant issues of land management are as follows: restitution of abandoned, formerly arable land to agricultural activity; increase in funding for improvement of drainage systems and roads; compiling land-management planning documents for agrarian territory maintenance; improvement of laws, foreseeing protection of valuable farming land from its use for other purposes without compensation.

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Agricultural land use in Lithuania

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The article analyses the consequences of agricultural land use rearrangement during the period of land reform in the republic of Lithuania. The main types of land users, ways, and conditions for acquiring the land ownership as well as the process of farming land holding development were identified. Alterations of the farming land area and reasons for formation of abandoned lands are described. The suggestions for preservation, improvement and rational use of fertile farming land as exceptional natural resource and the main measure of agricultural production are provided.