

# “Prospects for the market turnover of agricultural land in Ukraine”

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## PROSPECTS FOR THE MARKET TURNOVER OF AGRICULTURAL LAND IN UKRAINE

### Abstract

The problems of organizing the functioning of the land market in Ukraine remain unregulated. Gradually, they have moved from the economic plane to the political one, thereby exacerbating social tensions in the society. The current state of land relations requires immediate reforms in terms of granting the right to almost 7 million citizens to dispose of their property. Therefore, the issue of completion of land reform and the introduction of agricultural land market is a responsible step for the state and provides for the development of a set of measures based on the forecast of socio-economic consequences for the whole society. This step may be related to the transfer of land to private ownership, formation of a multi-sectoral economy on the basis of ensuring equal development of various forms of management, ensuring conditions for the efficient and rational use of land.

The authors emphasize that the draft laws on land turnover submitted for discussion do not specify the issue of transparency of the possible introduction of a free land market and contradict each other. They do not take into account the international experience of developed countries.

### Keywords

land market, private ownership of land, lease, land  
legislation, management

**JEL Classification** Q15, R52

## INTRODUCTION

The issue of abolition of the moratorium on the alienation of agricultural land in Ukraine has long been discussed by the government, the Supreme Council and the society. In October 2016, the Supreme Council of Ukraine adopted a law to extend the moratorium on the sale of agricultural land by January 2018 (Law of Ukraine, 2016). At the same time, the country has a black land market that disrupts the economy and confidence to the government. There are 2.9 million hectares of reserve lands that are not used (or used illegally), 1.8 million hectares of land without heirs, 1.4 million hectares of unclaimed land and 550 thousand hectares of land assigned for forest belts, roads and yards. Ukraine has about 6.65 million hectares of such lands, which are all agricultural land (Kaluzhnyi, 2011).

The problems associated with organization and functioning of a fully-fledged land market in Ukraine are not yet regulated. Gradually, they have moved from the economic plane to the political one, thereby exacerbating social tensions in the society, especially among rural residents, causing speculation over land issues and provoking the creation of shadow schemes for the alienation of land, land-grabbing, etc. (Lupenko, Khodakivska, 2016, p. 5).

## 1. ANALYSIS OF THE RECENT RESEARCH AND PUBLICATIONS

With regard to the research of the problem by scientists in Ukraine, such works are nonexistent.

For example, M. Martynyuk points to the need to implement the European experience of market turnover of agricultural land in Ukraine, the possibilities and ways of such implementation (Martyniuk, 2017).

In 1993, a positive view on land privatization was expressed by the academician of the National Academy of Sciences of Ukraine I. Lukinov. He noted that privatization of land by agricultural workers was not only an act of social justice, but also, to a certain extent, a guarantee of stability in the branch, prevention of destruction of its productive forces (Lukinov, 1993).

According to V. Trehobchuk, land reform should be aimed at increasing the economic efficiency and environmental safety of the use of land by society, ensuring a regulated land turnover in the state, protecting the rights of any landowner and land user (Trehobchuk, Peskov, 1997).

L. Novakovsky (2009) proposed ways to improve legislative provision and ways of completion of land reform in Ukraine (Novakovskiy, 2015).

To ensure the implementation of the provisions of the Presidential Decree of November 10, 1994, V. Mesel-Veselyak and M. Fedorov together with experts of the State Committee of Ukraine prepared a methodology for normative monetary valuation of agricultural lands (Mesel-Veseliak, Fedorov, 1995).

The development of conceptual foundations for the formation and functioning of land market relations in agriculture and methodological foundations of land management as a fundamental state management mechanism in the field of land use and protection were studied by D. Dobryak (2007).

O. Khodakivska reveals the peculiarities of the lease of agricultural land of state ownership and

analyzes how an increase in the size of rent will impact the financial and economic state of agricultural enterprises and the results of their economic activity (Khodakivska, 2016).

Y. Lupenko substantiates the model of agricultural land turnover, the basic postulate of which is legislative consolidation of the requirements to the buyers of land (Lupenko, Khodakivska, 2016).

However, today the Ukrainian society and its scholars do not have unanimous opinion regarding the legalization of the agricultural land market. Therefore, the purpose of our study is to analyze and highlight the existing approaches to the turnover of agricultural land and to reveal the prospects for its solution in Ukraine.

## 2. PRESENTATION OF THE MAIN RESULTS OF THE STUDY

The agro-industrial complex is the only branch of the Ukrainian economy, which, surprisingly, has not experienced a drop in financial indicators. It means a generalized meaning of these indicators for the whole of Ukraine. The agro-industrial complex gives over 43% of currency revenues to the state treasury. In 2016, export of agrarian products amounted to 15.2 billion US dollars (Ministry of Agrarian Policy and Food of Ukraine).

The relationships between the farmers and the state are not the same as they are, for example, in the EU countries. V. Kolyubakin (2016) notes that about 93 billion UAH are annually provided by the agro-industrial complex to the state revenues, while only 5.5 billion UAH are allocated from the state budget to support the branch, which is 18 times less. In addition, it should be stressed that banking institutions are not always willing to finance the agricultural sector. Therefore, Ukraine needs investments, which is emphasized in the works by V. Ulanchuk et al. (2017). At the same time, the agrarian sector is considered one of the main sources of revenues to the state and local budgets.

For the last two decades, the issue of land reform and opening of the market of agricultural land has

been on the agenda of the legislative and executive branches of state authorities.

The Constitution of Ukraine clearly defines the issue of land ownership as a key land policy. The Land Code of Ukraine (October 25, 2001, No 2758-III) finally resolved the problem of land ownership. It defines three equal forms of ownership: private, communal and state.

Ukraine embarked upon a path of land reform in 1992, simultaneously adopting a new edition of the Land Code and adopting the Resolution of the Supreme Council of Ukraine "On Acceleration of Land Reform and Privatization of Land". These documents declared the right of citizens to private ownership of land. However, in general, in Ukraine in 1992–1994, the process of changing land ownership was slow.

On November 10, 1994, the Decree of the President of Ukraine "On Urgent Measures to Accelerate Land Reform in the Sphere of Agricultural Production" appeared. This decree manifests the beginning of the transfer of land from the state to the collective ownership of reformed agricultural enterprises. In this way, almost all collective farms were reformed. Based on them new collective agricultural enterprises, cooperatives and joint-stock companies were created. They received land from the state property into the collective ownership confirmed by state acts on the right to own land.

The next step of the land reform became the Decree of the President of Ukraine as of August 8, 1995 "On the procedure sharing mechanism of land transferred into collective ownership of agricultural enterprises and organizations". This decree began the sharing of land of collective agricultural enterprises among their members and the issuance of certificates on land parcels (shares).

The decree of the President of Ukraine as of December 3, 1999 "On urgent measures on acceleration of reforming of agrarian sector of economy" stipulates that reforming within the period December 1999 – April 2000 of collective agricultural enterprises on the basis of private ownership of land and property; granting to all members of agricultural enterprises the right to leave these enterprises with land parcels (shares) and prop-

erty shares and to create private (private-leasing) enterprises, peasant (farmer) enterprises, partnerships, other business entities based on private property.

Therefore, during the land reform, Ukraine improved the mechanisms for the regulation of land relations developing the regulatory and expert assessment of agricultural land and non-agricultural land, as well as the land of populated areas. This created the preconditions for the introduction of market turnover and the formation of the market of agricultural land.

In the early 2000s, understanding the public resonance and trying to prevent uncontrolled land redistribution, a legislative ban on the turnover of agricultural land was justified (Zemelnyi kodeks Ukrainy, 2001). However, in our opinion, a further extension of the moratorium cannot be considered expedient, because today for the peasants there are only two options: either to cultivate the land themselves (but the overwhelming majority of the rural population in Ukraine is elderly people who cannot cope with the farm work) or to lease out at a price offered by agricultural producers. All they can get from their own land parcels is a negligible rent from agribusiness holdings. If a person has a choice either to sell or to lease, then, it is hoped that the rental price will increase (Krasnolutskyi, 2017).

The constitutional restrictions on the property rights of Ukrainian citizens have been protracted and have lost their original meaning. According to the World Bank, there are only 6 countries on the planet where there is no free market of land: North Korea, Cuba, Venezuela, Congo, Tajikistan and Ukraine.

The draft of the Law of Ukraine "On the circulation of agricultural land" provides for a legal settlement of issues related to the opening of the land market in Ukraine, the introduction of a special mechanism for the circulation of agricultural land with a balanced observance and protection of private, public, social and state interests. The ultimate goal – a cost-effective and environmentally safe use of agricultural land – has not yet been achieved. The land reform has not yet been completed, and the relevant legislation is not regulated. Therefore, it is necessary to make decisive, perhaps

the most difficult and most important steps before the introduction of the land turnover as a basis for changing the national economy.

In general, in relation to the land market, which according to the Constitution of Ukraine is the main wealth of the Ukrainian people, the opinions in society are divided and are opposite. First of all, one should answer the question whether there is a land market in Ukraine. Of course, there is, because the moratorium on the alienation of agricultural land is not unlimited, therefore, the categories of land that are not subject to Article 15 of transitional provisions of the Land Code of Ukraine, can be considered full-fledged objects of the market. According to the State Land Cadastre of Ukraine, the total land area in the state is 60.3 million hectares, or 5.7% of the territory of Europe, which include 42 million or almost 19% of all European agricultural lands, including plough land – about 32,5 million hectares making it almost 27% of arable land in Europe. Therefore, about 70% of lands in Ukraine remain outside the market.

In terms of arable land, Ukraine exceeds a number of EU countries, in particular France by 1.8, Germany by 2.8, Poland by 3, Italy by 4.6, Greece and Sweden by 13 times (Table 1).

The overall need for food is growing very rapidly. According to the pace of development, biotechnologies are even ahead of information technologies. It is easy to predict that the cost of land will be growing quickly. If, as of 01.07.1995, the normative monetary value of 1 hectare of arable land in Ukraine was 3734 UAH, then, on January 1, 2016 it was 30943 UAH. The normative monetary value of 1 hectare of arable land in Ukraine is 1031 Euros. This indicator is very small compared with other countries of the world as shown in (Ciaian, et al., 2012) (Figure 1). The market value of farmland in the EU varies from 848 euros/hectare in Poland to 26858 euros/hectare in Denmark.

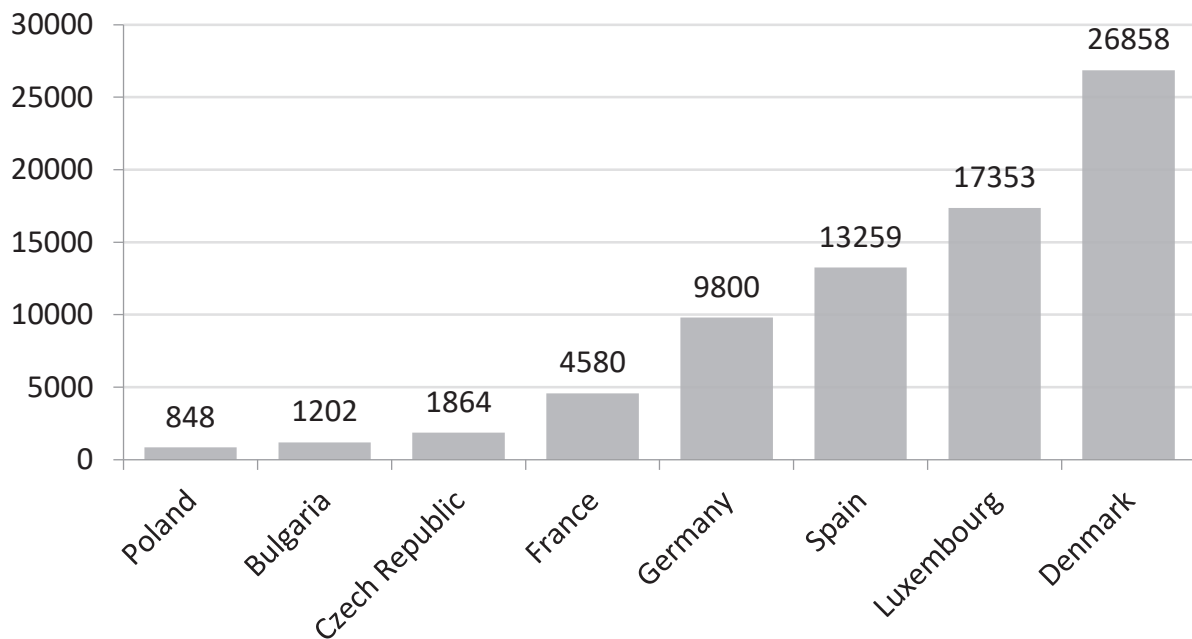
The Constitution of Ukraine explicitly proclaims the land as an object of property rights of the Ukrainian people (Article 13). On the other hand, it is specially emphasized that the land is the main national wealth, which is under special protection of the state (Article 14). However, the Land Code of Ukraine introduced certain innovations

**Table 1.** Comparison of the total area and the amount of arable land in different countries of the world

| Country            | Total area, thousand hectares | Area of arable land, thousand hectares |
|--------------------|-------------------------------|----------------------------------------|
| Austria            | 8390                          | 1400                                   |
| Argentina          | 278000                        | 39300                                  |
| Belarus            | 20760                         | 5500                                   |
| Bulgaria           | 11100                         | 3300                                   |
| Brazil             | 851100                        | 72600                                  |
| UK                 | 24290                         | 6200                                   |
| Greece             | 13200                         | 2500                                   |
| Denmark            | 4310                          | 2400                                   |
| Spain              | 50600                         | 12400                                  |
| Italy              | 30130                         | 7100                                   |
| Kazakhstan         | 272490                        | 22900                                  |
| Canada             | 997060                        | 45900                                  |
| China              | 959600                        | 106500                                 |
| Netherlands        | 4150                          | 1000                                   |
| Germany            | 35700                         | 11800                                  |
| Poland             | 31270                         | 10900                                  |
| Russian Federation | 1707540                       | 119800                                 |
| Romania            | 23840                         | 8800                                   |
| USA                | 962910                        | 155100                                 |
| Ukraine            | 60350                         | 32500                                  |
| Hungary            | 9300                          | 4400                                   |
| Finland            | 33820                         | 2200                                   |
| France             | 55150                         | 18300                                  |
| Switzerland        | 4130                          | 400                                    |
| Sweden             | 45000                         | 2600                                   |

into land relations: 1) the land gradually ceases to be the object of property rights of the people, but becomes the object of ownership of physical persons and in the long term – legal entities; 2) the state has not developed the means of “special protection” of land, moreover, there are numerous attempts to turn the land into ordinary goods.

We have a situation when the only way to obtain at least some profit from a land plot with intended purpose of “commodity agricultural production”



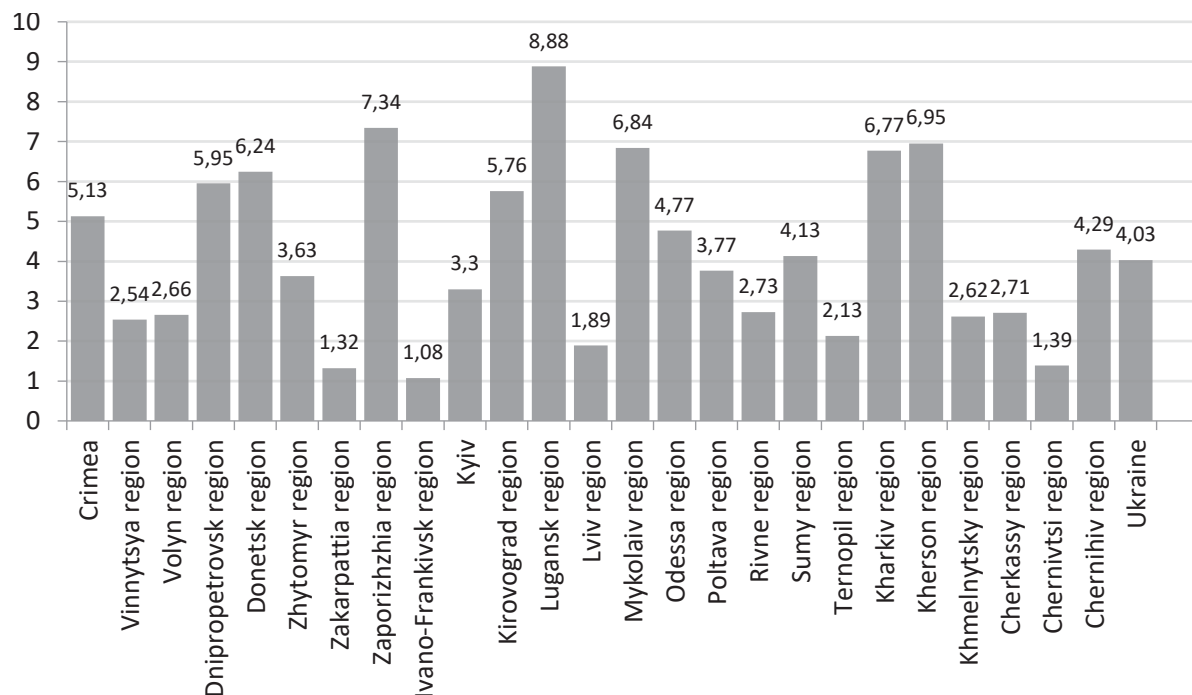
**Figure 1.** Average price of agricultural land in EU countries, euro/hectare

is to lease it very cheaply to a specific subject of commodity agricultural production.

14.8% of the total population of Ukraine (Lupenko, Mesel-Veseliak, 2012).

During the land reform, land privatization was carried out for an area of 27.5 million hectares. About 7 million Ukrainian citizens received land plots, which is 46.4% of the rural population and

According to the Decree of the President of Ukraine "On the Procedure for the Distribution of Land Transferred to the Collective Ownership of Agricultural Enterprises and Organizations"



**Figure 2.** The average size of a land plot (share) in the regions of Ukraine, hectares

**Table 2.** The average rent size in Ukraine as of 01.01.2015 (Derzhgeokadastr)

| Administrative-territorial unit | Land lease agreements | Area of lands leased under contracts, thousand hectares | Rent for the lease of land plots (shares) in money equivalent for one year, thousand UAH | Rent for 1 hectare per year, UAH |
|---------------------------------|-----------------------|---------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------|
| Crimea                          | 138383                | 623.7                                                   | 242355.6                                                                                 | 388.6                            |
| Vinnitsa                        | 422530                | 1028.4                                                  | 697847.6                                                                                 | 678.6                            |
| Volyn                           | 92078                 | 194.9                                                   | 138572,8                                                                                 | 711.2                            |
| Dnipropetrovsk                  | 224263                | 1267.5                                                  | 946307,9                                                                                 | 746.6                            |
| Donetsk                         | 177265                | 970.5                                                   | 500143,2                                                                                 | 515.4                            |
| Zhytomyr                        | 173087                | 485.4                                                   | 310925,7                                                                                 | 640.6                            |
| Zakarpattia                     | 9042                  | 13.2                                                    | 3923,1                                                                                   | 296.6                            |
| Zaporizhzhia                    | 172116                | 1168,1                                                  | 667497,2                                                                                 | 571.4                            |
| Ivano-Frankivsk                 | 122472                | 94.7                                                    | 64095,7                                                                                  | 676.8                            |
| Kyiv                            | 203066                | 570.0                                                   | 368131,7                                                                                 | 645.8                            |
| Kirovograd                      | 212933                | 1052,5                                                  | 934813,8                                                                                 | 888.2                            |
| Kugansk                         | 126097                | 752.9                                                   | 409165,0                                                                                 | 543.5                            |
| Lviv                            | 157298                | 238.3                                                   | 154900.7                                                                                 | 650.0                            |
| Mykolaiv                        | 147388                | 859.9                                                   | 514164.0                                                                                 | 597.9                            |
| Odessa                          | 249227                | 1069.5                                                  | 683304.8                                                                                 | 638.9                            |
| Poltava                         | 299625                | 1100.5                                                  | 1460868.1                                                                                | 1327.0                           |
| Rivne                           | 99071                 | 231.5                                                   | 247467.4                                                                                 | 1068.8                           |
| Sumy                            | 206482                | 696.6                                                   | 548871.3                                                                                 | 787.9                            |
| Ternopil                        | 261822                | 477.9                                                   | 260977.0                                                                                 | 546.1                            |
| Kharkiv                         | 192649                | 1038.2                                                  | 899052.1                                                                                 | 866.0                            |
| Kherson                         | 134168                | 804.2                                                   | 443805.3                                                                                 | 551.9                            |
| Khmelnitsky                     | 325265                | 729.6                                                   | 532054.5                                                                                 | 729.2                            |
| Cherkassy                       | 296714                | 789.1                                                   | 885162.9                                                                                 | 1121.7                           |
| Chernivtsi                      | 94079                 | 114.1                                                   | 99084.6                                                                                  | 868.4                            |
| Chernigiv                       | 244246                | 796.1                                                   | 476422.1                                                                                 | 598.4                            |
| Sevastopol                      | 484                   | 0.8                                                     | 772.0                                                                                    | 965.0                            |
| The City of Kyiv                | 0                     | 0.0                                                     | 0.0                                                                                      | 0.0                              |
| <b>Ukraine</b>                  | <b>4781850</b>        | <b>17168.0</b>                                          | <b>12490686.1</b>                                                                        | <b>727.6</b>                     |

No 720/95 as of 08.08.1995, the share is a conditional land plot in hectares with a monetary valuation (but without allocation of land on the ground).

As a result of restrictions on the sale and purchase of agricultural land, today the main form of land relations in Ukraine is lease agreements with shareholders. The number of such concluded agreements is 4.8 million for a total area of 17 million hectares, that is, more than half of all privately owned land.

There are also 56 thousand agreements for the lease of state agricultural lands with a total area of about 2.5 million hectares. According to the results of 2015, the rent of land amounted to only 727.6 UAH/hectare a year or less than 30 US dol-

lars per hectare. The highest rates are in the Poltava region, where it is possible to lease one hectare of agricultural land for an average of 1327 UAH a year. The three regions with the most expensive agricultural land for leasing are the Cherkassy region (1121.7 UAH/year) and the Rivne region (1068.8 UAH/hectare/year). The cheapest land leasing is in the Zakarpattia region – an average rental payment in this region is 296.6 UAH/hectare.

In general, rental rates in Ukraine may vary by 4.5 times or by 1000 UAH per hectare according to the region (Derzhgeokadastr).

The rent is calculated based on the normative monetary valuation of land. The Decree of the Cabinet

of Ministers of Ukraine as of 23.03.1995 approved the methodology of monetary valuation of agricultural lands. The monetary assessment of land is determined by the amount of annual differential rental income, taking into account the period of its capitalization. The term of capitalization is set at 33 years, which corresponds to a three percent payment for using the loan.

In 1995, the monetary value of a hectare of agricultural land was set at 3543 UAH and of arable land at 3674 UAH (Zakon Ukrainy "Pro platu za zemliu", 1992). In connection with inflation, the normative monetary valuation of land is annually indexed. The coefficient of indexation of the normative monetary valuation of land is applied cumulatively depending on the date of the normative monetary valuation of land (Table 3).

**Table 3.** Indexation coefficients of normative monetary valuation of land in Ukraine

| Year | Coefficient of indexation | Year | Coefficient of indexation |
|------|---------------------------|------|---------------------------|
| 1996 | 1.703                     | 2008 | 1.152                     |
| 1997 | 1.059                     | 2009 | 1.059                     |
| 1998 | 1.006                     | 2010 | 1.0                       |
| 1999 | 1.127                     | 2011 | 1.0                       |
| 2000 | 1.182                     | 2012 | 1.0                       |
| 2001 | 1.02                      | 2013 | 1.0                       |
| 2005 | 1.035                     | 2014 | 1.249                     |
| 2007 | 1.028                     | 2015 | 1.433*<br>1.2**           |

Note: \* except agricultural land. \*\* for agricultural lands (arable land, fallow land, hayfields, pastures, perennial plantations).

The normative monetary valuation of land for 2002, 2003, 2004 and 2006 was not indexed (Letters of Derzhstat, 2017).

A draft law "On agricultural land circulation" can unlock the launching of the right to sell land. As part of this model, the turnover of lease rights will begin, which, having become an asset, may also be used as bank collateral.

A moratorium on the sale of land in Ukraine does not prevent transactions with agricultural land, but generates their shadow turnover in the absence of a transparent market. First of all, corrupt

officials and local authorities are interested in the absence of a land market. For them, the illegitimate (contrary to the moratorium) change in the purpose of such land's use remains an essential source of enrichment.

The experience of the European countries shows that the market of agricultural land has a right to exist, but it requires careful substantiation and substantial restrictions. First of all, it is necessary to take into account and implement a ban on excessive concentration of land, to consolidate the right to own land for those people who work on it, to limit the splitting up of land plots, to reserve land for public needs, etc.

Article 4 of the draft law of Ukraine "On agricultural land circulation" (2015) determines the main directions of the state policy in the field of agricultural land turnover: strengthening of food security of the state; protection of legitimate interests of owners and users of land plots; ensuring sustainable land use, rational and efficient use of land; increasing capitalization and liquidity of land as an economic asset; ensuring the market price of land and preventing depreciation of land; introduction of mechanisms for preventing speculative operations and monopolization of land.

If we analyze all draft laws related to the market of land, in particular, "Land market" (2011), "On agricultural land circulation" (2015), "On agricultural land circulation" (2016), then, in our opinion, of all these three draft laws, only the draft law of December 9, 2011 "Land market" is aimed at protecting the interests of peasants and limiting the purchasing of land by one physical person or legal entity.

We will emphasize some articles of this draft law. According to it, the priority right to purchase agricultural land plots owned by citizens and legal entities belongs to:

- state – with regard to the lands located outside of inhabited localities (land reserves);
- local self-government bodies – regarding land plots located within inhabited localities;

- a tenant or a user of the plot of land for agricultural needs;
- owners of adjacent agricultural lands;
- co-owners of agricultural land plots, which are in joint common and joint share ownership.

The draft law states that the right to purchase agricultural land for agricultural commodity production, as well as for farm production and peasant production exceeding the norm of free land privatization belongs to those citizens who meet at least one of the following conditions:

- prior to the enactment of this law, they obtained land plots for permanent use or lease for farm production;
- during the last 5 years, they operate private peasant farms and acquire these agricultural land plots in order to establish farm production;
- are young specialists who have agricultural education and buy land plots for the creation of personal peasant and farm enterprises;
- buy degraded and unproductive agricultural plots for afforestation or creation of objects of the nature reserve fund.

In the draft law of 08 October 2015, these important, in our opinion, provisions are already absent. It also does not mention quantitative restrictions regarding the acquisition of land, although in the previous draft laws they had been established (Polissya – up to 1580 hectares, forest-steppe – up to 1750 hectares, steppe – up to 2100 hectares, foothill areas of the Carpathians – up to 900 hectares).

Such a change in the course necessitates bringing these draft laws up for nationwide discussion. Moreover, contrary to the popular opinion in Ukraine, private ownership of land in the developed countries is by no means universal. For example, in Canada, it does not exceed 9.8% in private ownership with the rest belonging to the state, which monitors the correct use of all land without

exception. In Israel, almost 91% of agricultural land is in state ownership, while the rights to use land plots are sold and bought. In the United States, state-owned land occupies more than 40% of the country's entire territory (Repin, 2017). In the UK, formally, all land belongs to the royal family, but the rights to own it are sold, which makes it possible to use it quite effectively. At the same time, it is very difficult to change the targeted use of land plots. Land owners are prohibited from selling it to foreigners (Property Market Report, 2001).

The draft law “On Market Circulation of Agricultural Land” should have restrictions in relation to foreign citizens and foreigners (physical persons or legal entities) should not have the right to purchase land. It is important to understand that restrictions of the land market have been introduced by all European countries. The main restriction is the sale of land to foreign nationals – it exists everywhere, except for the Baltic states and Brazil. In Poland, there is a 12-year moratorium on the sale of agricultural land to foreigners; in New Zealand, a permit for the purchase or even lease of land with an area of over 2 hectares to foreigners may be granted only by a special tribunal on land protection, the granting of which requires a detailed justification. In Canada, a foreigner may own not more than 8 hectares of agricultural land.

One way or another, the issue of mandatory limitation of the area of land owned by one person was raised in all countries and significantly affected those who became landowners, the degree of consolidation of land, the forms of management and production. The harshest restrictions on the maximum size of land plots were introduced in Moldova, Lithuania and Hungary and this formed a social stratum of small landowners. Limits of the average size of 200-400 hectares were established for certain categories of population in Estonia, Latvia, Poland, Russia, Georgia. In Denmark, the law sets an upper limit on the size of ones' own and leased land use – 150 hectares of agricultural land, in Germany the maximum area is from 400 to 500 hectares.

Quite often, the necessary condition for acquiring the right to purchase a land plot or its lease is the requirement that the buyer or the tenant is a local

**Table 4.** Models of introduction of the land market in some countries of the European Union

| Country         | Legal enforcement                                                                                                                                                                                                                                                                                                                                                     | Peculiarities of turnover                                                                                                                                                                      | Restrictions                                                                                                                                                                                                                                                  |
|-----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Estonia         | 1. The Republic of Estonia Principles of Ownership Act <a href="https://www.riigiteataja.ee/en/eli/514112013010/consolide">https://www.riigiteataja.ee/en/eli/514112013010/consolide</a><br>2. The Land Reform Act <a href="https://www.riigiteataja.ee/akt/MaaRS">https://www.riigiteataja.ee/akt/MaaRS</a>                                                          | Absent                                                                                                                                                                                         | Agricultural land can only be purchased by EU citizens                                                                                                                                                                                                        |
| Lithuania       | 1. The Republic of Lithuania Land Reform Law <a href="http://www.litlex.lt/litlex/eng/frames/laws/Documents/72.HTM">http://www.litlex.lt/litlex/eng/frames/laws/Documents/72.HTM</a><br>2. The land tax and state land tax breaks Act <a href="https://www.e-tar.lt/portal/lt/legalAct/TAR.F95037EB7E3C">https://www.e-tar.lt/portal/lt/legalAct/TAR.F95037EB7E3C</a> | Introduction of the market in two stages:<br>1) Selling only to citizens and municipalities (2004–2014).<br>2) The range of subjects is expanded by legal entities and foreigners (Since 2014) | 1) Legal entities and physical persons during a ten-year period preceding the acquisition of land, had to be engaged in agricultural activities at least three years in a row.<br>2) The maximum area of land that can be owned by one person is 300 hectares |
| Slovenia        | 1. The National Farm Land and Forest Fund Act (ZSKZ) <a href="http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO253">http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO253</a><br>2. Agricultural Land Act (ZKZ) <a href="http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO541">http://www.pisrs.si/Pis.web/pregledPredpisa?id=ZAKO541</a>                        | Absent                                                                                                                                                                                         | Absent                                                                                                                                                                                                                                                        |
| Poland          | 1. Management of Agricultural Property of the State Treasury Act <a href="http://www.lexlege.pl/ustawa-o-gospodarowaniu-nieruchomosciami-rolnymi-skarbu-panstwa/">http://www.lexlege.pl/ustawa-o-gospodarowaniu-nieruchomosciami-rolnymi-skarbu-panstwa/</a>                                                                                                          | Selling no more than 50 hectares in one lot. Over 50 hectares – only with special permission                                                                                                   | The maximum land area that can be owned by one person is 300 hectares                                                                                                                                                                                         |
| The Netherlands | 1. Land Establishment Act <a href="http://wetten.overheid.nl/BWBR0003793/2006-03-08">http://wetten.overheid.nl/BWBR0003793/2006-03-08</a>                                                                                                                                                                                                                             | The use of agreed price, but if an agreement is not reached, an independent valuation of land is carried out                                                                                   | Absent                                                                                                                                                                                                                                                        |
| Germany         | 1. German Civil Code BGB <a href="https://www.gesetze-im-internet.de/englisch_bgb/">https://www.gesetze-im-internet.de/englisch_bgb/</a><br>2. The Land Lease Traffic Act <a href="https://www.gesetze-im-internet.de/ pachtvg/BjNR020750985.html">https://www.gesetze-im-internet.de/ pachtvg/BjNR020750985.html</a>                                                 | Introduction of the land market in East Germany took place in three stages:<br>1) Rent (1992–1996).<br>2) Acquisition (1996–2010).<br>3) Sale at market value (2005)                           | The buyer has to live or move to the site of the purchased land to manage the farm business<br>The maximum land area that can be owned by one person is 450 hectares                                                                                          |

resident, has a professional training, work experience and the necessary capital for an effective use of land that he receives into ownership or for use (Denmark, Germany, Finland, the Netherlands, Italy). In developed countries these measures provide for the prevention of concentration of big land reserves in one hands.

The experience of the European countries, as mentioned in (Martyniuk, 2017), offers various models for the introduction of the land market (Table 4). The analysis with the use of a big sample would provide material for designing an ideal model for the formation and development of the land market in Ukraine.

The land market should contribute to the development of farms and family farms. According to the information of the International Finance

Corporation (IFC), family companies are the most common form of business organization in the world. In many countries, they account for more than 70% of the total number of enterprises and play a key role in a country's growth and job creation (Triputen, 2016).

In general, all states regulate their land relations and impose restrictions in accordance with their perceptions about the functions of the land market. The legislation is focused either on small landowners and farmers as in Lithuania and Hungary, or on large-scale producers as in Russia and Brazil, or seeks a compromise regulating the access of foreigners, minimum/maximum size of land plots, conditions of land consolidation, registration requirements and other details of sales operations according to local peculiarities.

## CONCLUSION

Ukraine is one of the agrarian countries with the best conditions for plant growing. It has great opportunities to multiply its potential. This requires investments, and the introduction of the land market is very important in this regard, because land is considered to be the best security in the world for obtaining long-term loans.

The issues of implementation of the agricultural land market in Ukraine require the use of adequate methods for their solution, which should take into account both the domestic and foreign experience. First of all, it should be clarified what will be the future model of agricultural development, which forms of agrarian enterprises will be given priority. Depending on this, it will be possible to determine the ways and methods of further land transformation in Ukraine. The world experience shows that there are various models of land relations that can be effective if they correspond to the national interests and needs of the country.

Considering this experience it can be argued that it is much more effective to regulate the land market than to push it into the "shadow". The legislation of many countries provides for the existence of a system of restrictions on the turnover of agricultural land depending on the economic or social situation, which is acceptable for Ukraine.

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