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## **Agricultural Policies in Transition: Is the Past the Future of the Present?**

**Miranda Svanidze, Ulrich Koester, and Linde Götz**

*Selected Paper prepared for presentation at the International Agricultural Trade Research Consortium's (IATRC's) 2017 Annual Meeting: Globalization Adrift, December 3-5, 2017, Washington, DC.*

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Leibniz Institute of Agricultural Development  
in Transition Economies

**DAAD**

Deutscher Akademischer Austausch Dienst  
German Academic Exchange Service



# AGRICULTURAL POLICIES IN TRANSITION

## *Is the Past the Future of the Present?*

Miranda Svanidze, Ulrich Koester and Linde Götz

**2017 IATRC ANNUAL MEETING**

*“Globalization Adrift”*

December 03-05, 2017 | Washington, DC

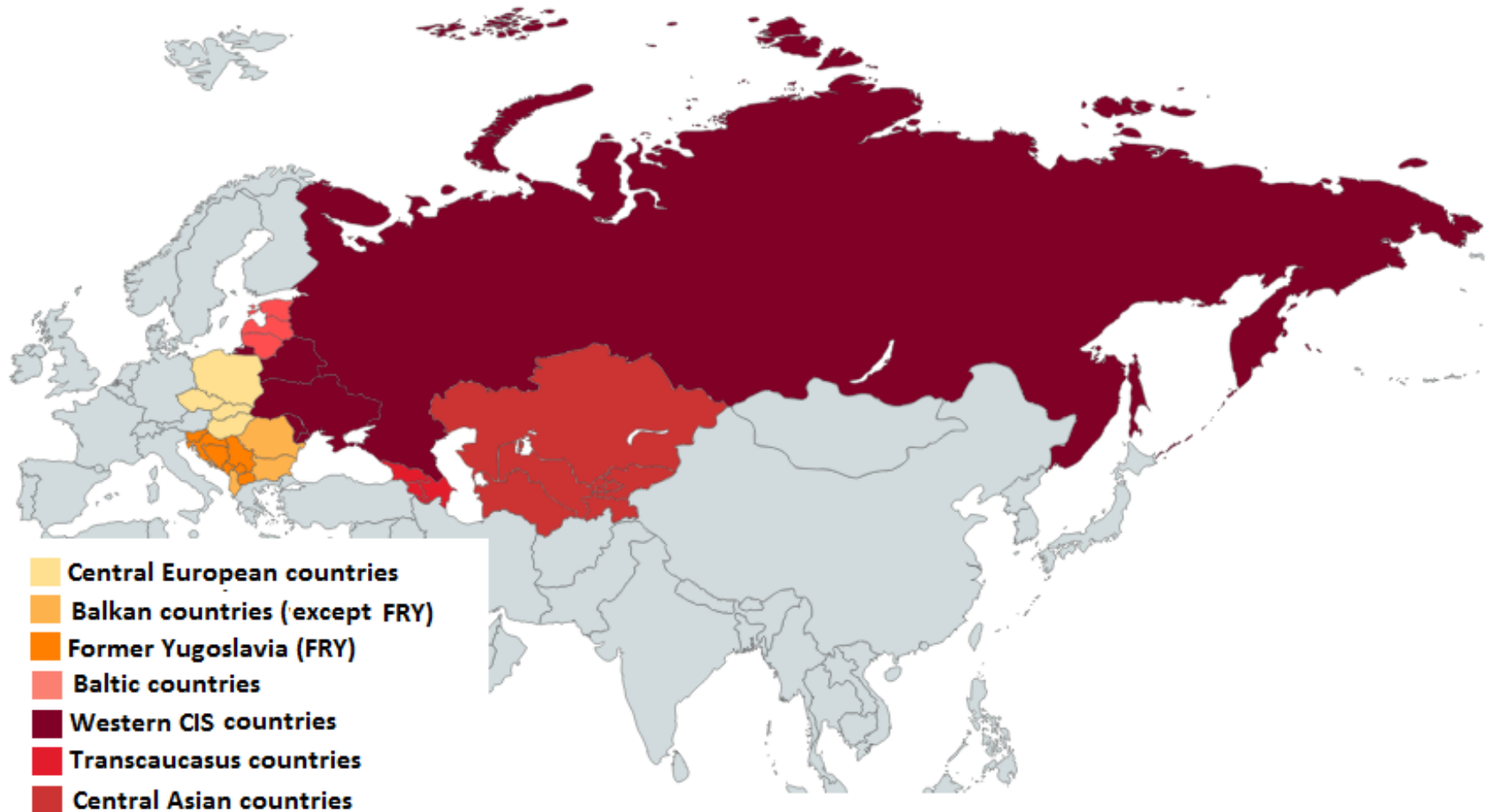


**IATRC**

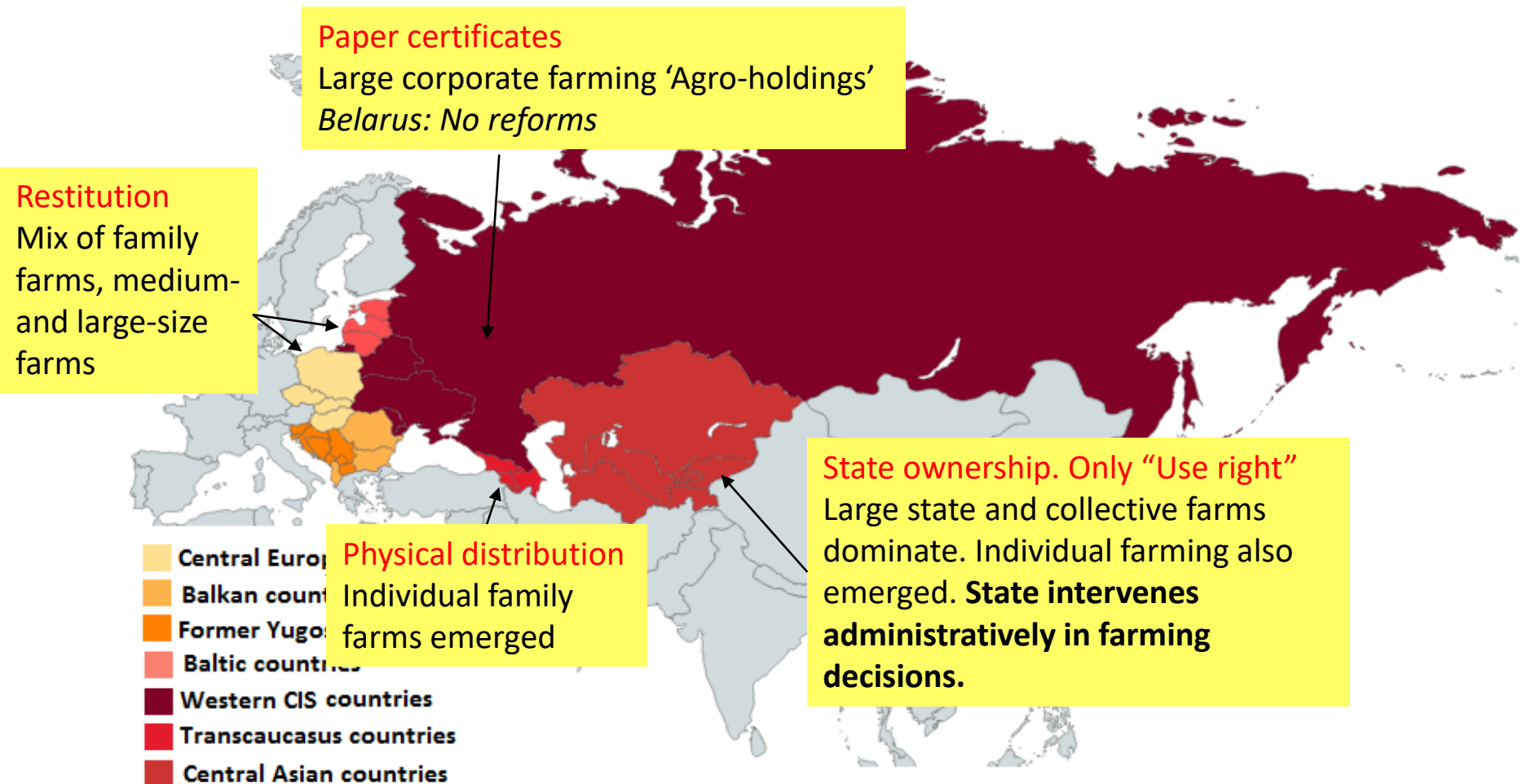
INTERNATIONAL AGRICULTURAL  
TRADE RESEARCH CONSORTIUM

- Land reforms and farm restructuring
- Linking countries' chosen reform path to the agricultural performance
- Importance of institutions
- Conclusion and policy recommendations

# Transition countries

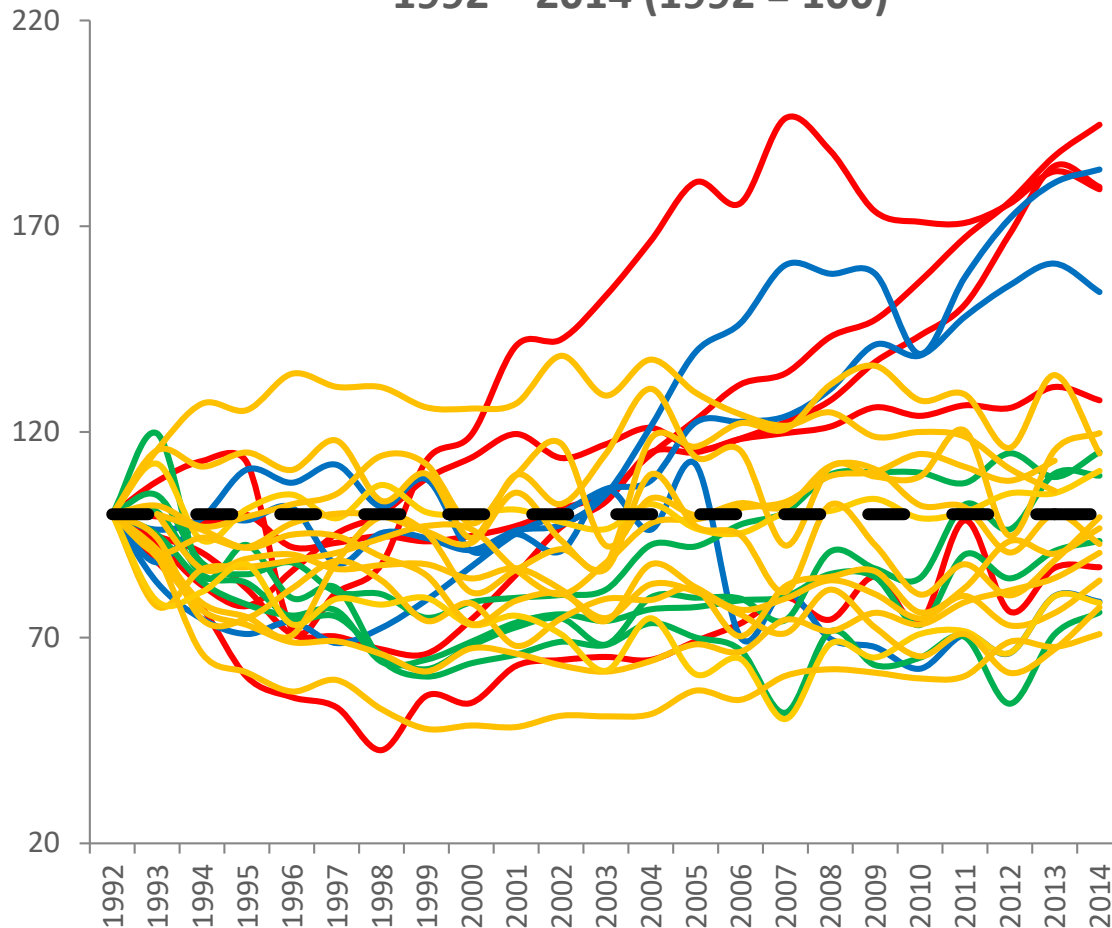


# Land reforms and farm restructuring at the country group level



# Agricultural production dynamics

**Change in gross agricultural production value  
1992 – 2014 (1992 = 100)**

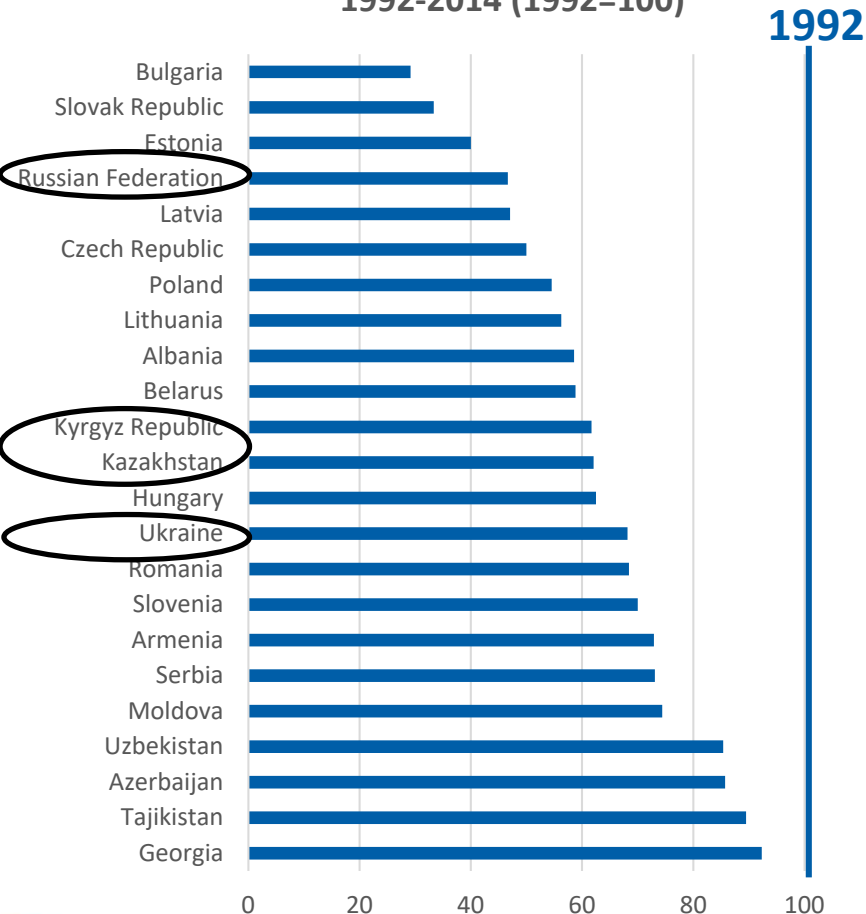


- Uzbekistan
  - Tajikistan
  - Turkmenistan
  - Kyrgyzstan
  - Kazakhstan
  - Armenia
  - Azerbaijan
  - Georgia
  - Belarus
  - Ukraine
  - Russia
  - Moldova
  - Romania
  - Bosnia & Herz.
  - Macedonia
  - Poland
  - Slovenia
  - Hungary
  - Lithuania
  - Croatia
  - Estonia
  - Czechia
  - Bulgaria
  - Slovakia
  - Latvia
- CIS Central Asia**
- CIS South Caucasus**
- CIS Western**
- Central & Eastern Europe**

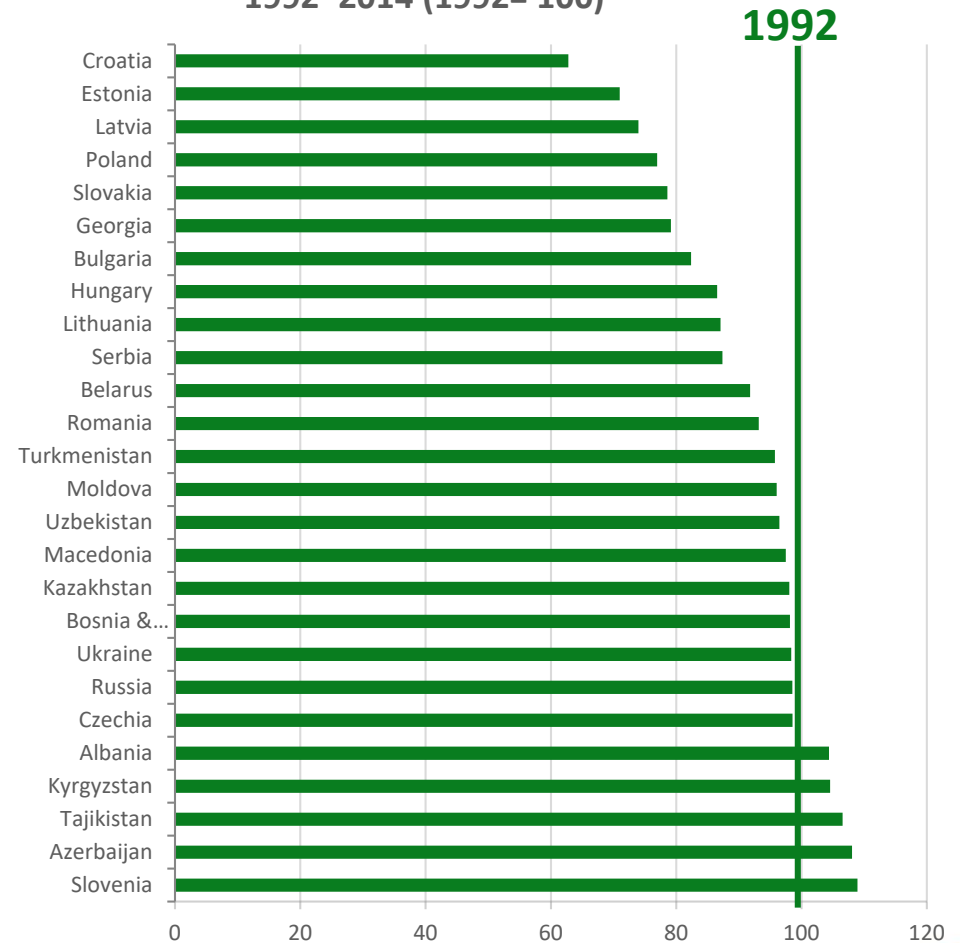
Source: World bank database

# Agricultural land and labor dynamics

Change in agricultural employment  
1992-2014 (1992=100)



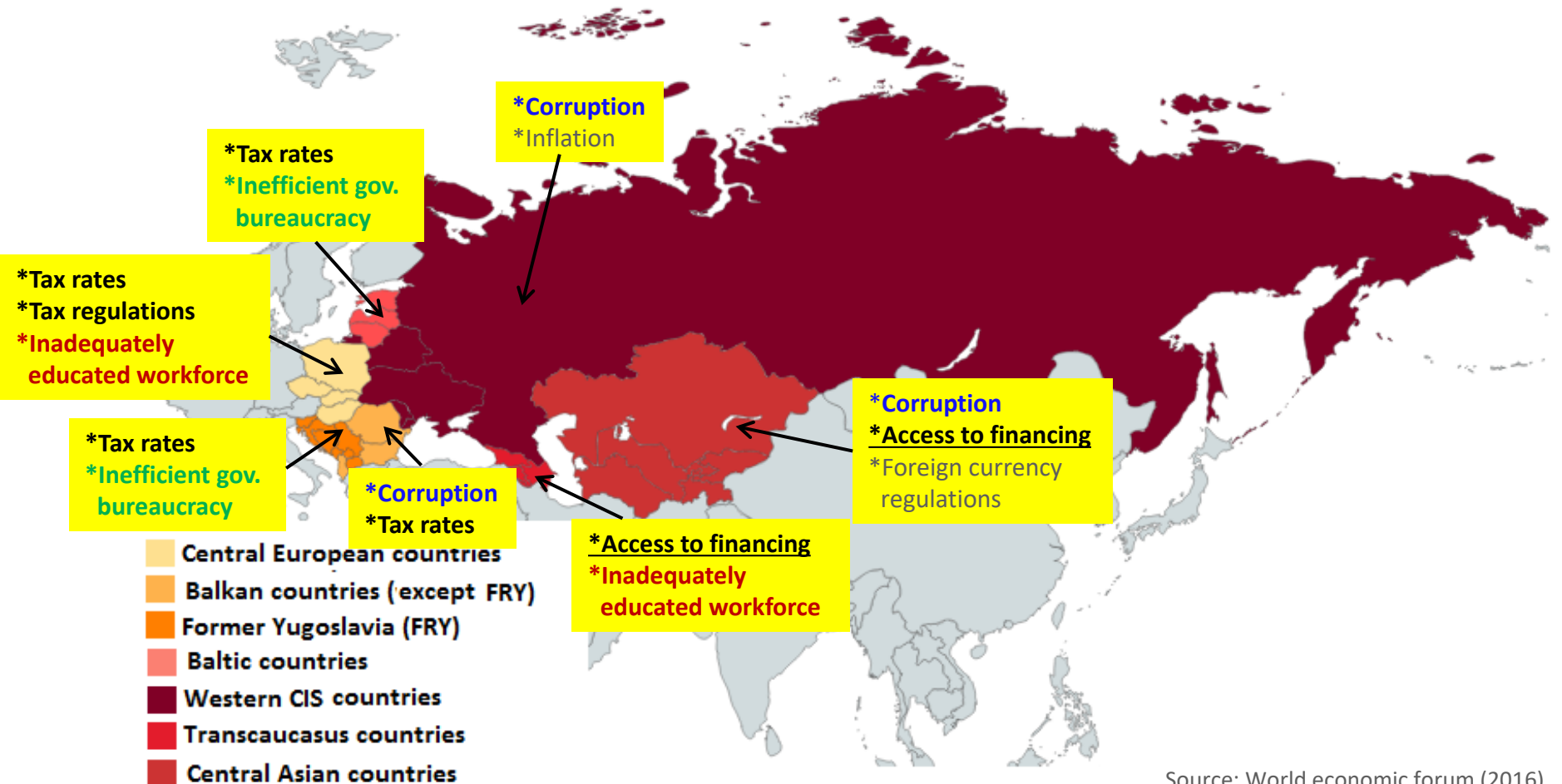
Change in agricultural land  
1992-2014 (1992= 100)



Source: World Bank database

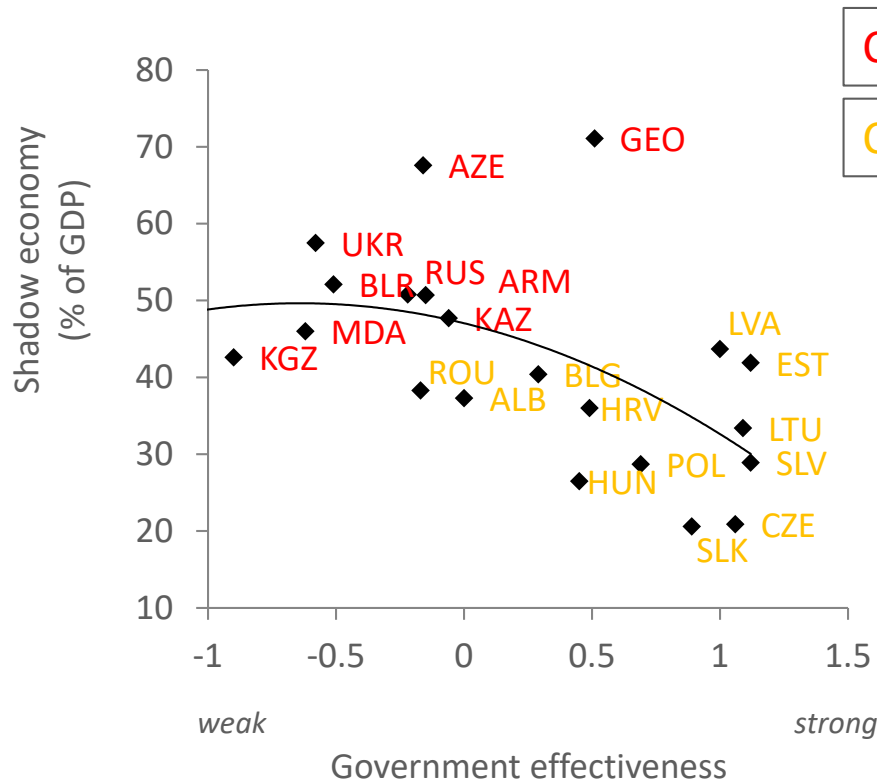


# Most problematic factors for doing business (from GCI) 2016

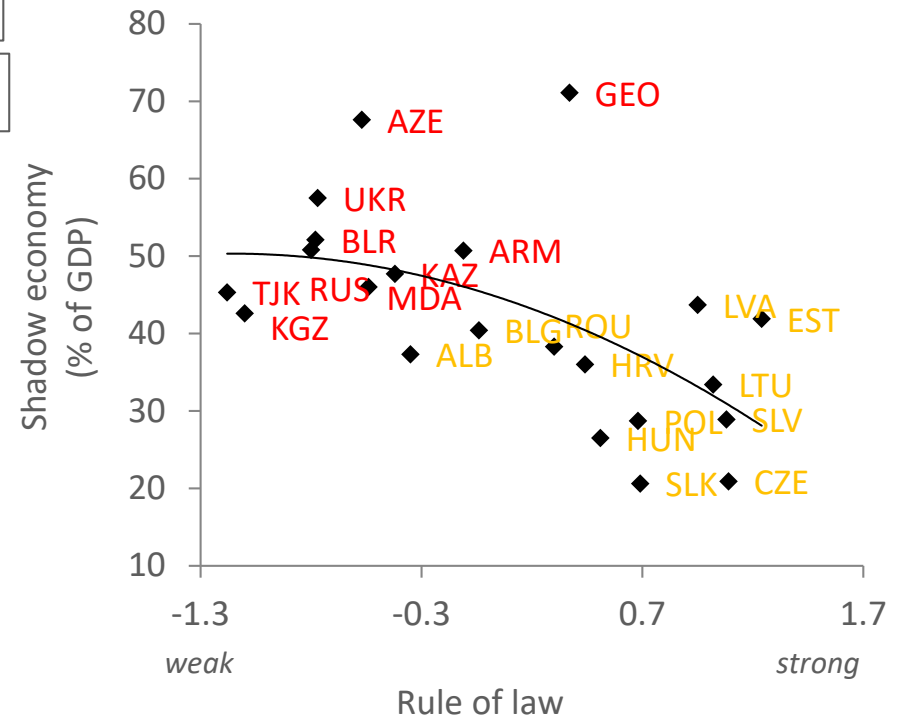


Source: World economic forum (2016)

# Determinants of the shadow economy



The shadow economy is smaller if the government is effective



The shadow economy is smaller if the rule of law is enforced

25 years later land privatization and restructuring of large farms has achieved successful outcomes in many of the CEE countries, however the process still has not come to the end in many of the CIS countries.

The results of land reform largely depends on:

- » The chosen form of privatization
- » Secure property rights
- » Reliable legal system without corruption
- » Functioning rural credit market
- » Opportunity cost of farming and level of human capital in farm population

Agricultural policies in transition countries should focus on:

- **Institutional framework**, including
  - » Reliable legislation
  - » Fight against corruption
  - » Improving higher education in agriculture
- **Fostering well-functioning land market**
  - » Completing land privatization process, and
  - » Improving land cadaster records
- **Improving farmers access to the finances** mainly by reducing market failure. e.g.
  - » By supporting credit rating agencies, and
  - » Information systems
- **Environmental aspects (in the context of climate change)**
  - » Use of unsuitable land for agricultural activities
  - » Inappropriate irrigation systems (soil erosion)
  - » Ensuring bio-diversity

# The lesson to be learnt here is...

Specific agricultural policies are necessary, but (definitely) not sufficient. **Coherency in policy implementation<sup>1</sup>** and **structural reforms in non-agricultural sectors<sup>2</sup>** are also equally important.

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<sup>1</sup> to establish trust in government policies

<sup>2</sup> to create enabling environment for and outside of agriculture